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ABSTRACT

Minnesota's libraries provide public access to information technologies and teach the skills necessary to use them. The challenge is to leverage these organizations, largely funded and nurtured at the local level, so that they will be an effective and efficient part of a statewide information infrastructure. In this report, the Minnesota Library Planning Task Force provides recommendations to implement five strategies to adapt library financing and decision-making structures to the state's changing information needs. These recommendations would lower barriers to library cooperation, provide incentives for libraries to collaborate and share resources, reduce disparities in library services, and enable all libraries to increase their efficiency through technology and cooperation. Strategies include: (1) target state funds strategically to leverage efficient and thorough implementation of information technologies in order to improve cooperative access to library collections; (2) reinforce local responsibilities for providing adequate library services as part of a statewide effort; (3) focus and strengthen library governance and administrative structures; (4) include school library media centers in all state library initiatives; and (5) identify new sources of library funding. The report contains: a task force member list; Vision Statement; Introduction and Charge; Challenges: Minnesota Libraries in the Information Age; Recommended State Strategies; Appendix A: Current Sources of Library Funding Summary; and Appendix B: Preliminary Report on Sources of Library Funding, which comprises more than half the document. (Author/SWC)

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Sources of Library Funding

Final Report

Submitted in Response to
***Laws of Minnesota for 1995*, Chapter 212, Article 2, Section 13**

Minnesota Library Planning Task Force

August 1996

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Minnesota Library Planning Task Force

August 1996

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VISION STATEMENT

All people in Minnesota will have access to a wide array of high quality library services and global information resources in a range of formats whenever, wherever, and however the information services are needed.

Therefore, the Library Planning Task Force values:

1. Minnesota library services that respond sensitively to users' locations, schedules, and other life circumstances;

2. Minnesota library services that are responsibly cost effective;

3. Minnesota library services that insure a richness of accurate and authoritative educational, cultural, and recreational information in all formats;

4. Minnesota library services that embrace creative collaboration between public and private entities enabling users access to seamless information resources;

5. Minnesota library services that are visionary in their use of technology to create an adaptable and expandable library network conforming to national and international information standards; and

6. Minnesota library services that empower users with skills to acquire new knowledge in the pursuit of lifelong learning.

Adopted July 12, 1995

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Executive Summary

In this report, the Library Planning Task Force makes its recommendations on the structures of library funding in Minnesota. The 1995 Minnesota Legislature requested a review of funding sources in the light of the state's growing interest in strategically addressing information technology development.

Minnesota's libraries provide public access to information technologies and teach the skills necessary to use them. The challenge in the years ahead will be to leverage these organizations, largely funded and nurtured at the local level, so that they will be an effective and efficient part of a statewide information infrastructure.

Recommendations

Recommendations of the Task Force would implement five strategies to adapt library financing and decision-making structures to the state's changing information needs. These recommendations would lower barriers to library cooperation, provide incentives for libraries to collaborate and share resources, reduce disparities in library services, and enable all libraries to increase their efficiency through technology and cooperation.

Strategy 1. Target state funds strategically to leverage efficient and thorough implementation of information technologies in order to improve cooperative access to library collections.

The task force makes the following recommendations:

- **Invest additional state funds in the following information technologies that will benefit Minnesota residents regardless of the library they use** (see page 21):
  - **A statewide on-line library information system,**
  - **Statewide licenses for electronic data bases, and**
  - **Pilot projects to explore the potential of a statewide backup reference information referral network.**

- **Sustain state funding for existing programs which allow libraries to be cost-effective by working together and sharing resources** (see page 21):
  - **The Learning Network of Minnesota, a statewide information infrastructure,**
  - **Multicounty multitype library systems,**
  - **Regional public library systems,**
  - **Document delivery, including information in both electronic and physical formats, and**
  - **Cooperative collections management.**

Strategy 2. Reinforce local responsibilities for providing adequate library services as part of a statewide effort.

The Task Force makes the following recommendations:

- **Reduce disparities in funding for public libraries through equalization aid payments** (see page 23).

- **Require libraries which benefit from state-funded electronic resources to serve all Minnesota residents on-site** (see page 23).

- **Require post-secondary institutions to make arrangements with other libraries that serve their off-campus and distance education students** (see page 23).

- **Provide incentives for libraries to sustain their acquisitions budgets** (see page 23).

Strategy 3. Focus and strengthen library governance and administrative structures.

The Task Force makes the following recommendations:

- **Consolidate state library initiatives and responsibility for statewide leadership for library services in a new state agency, the Minnesota Library Commission, with the following functions** (see page 24)**:**
  - **Assume current library-related responsibilities of the Office of Library Development and Services (now within the Department of Children, Families, and Learning) and the Higher Education Services Office,**
  - **Add state-level representation and leadership to allow school library media centers to become fully-functioning parts of the state's library resources,**
  - **Allocate state resources for electronic library materials and access,**
  - **Assist legislative committees that appropriate state funds for libraries in assessing the statewide impacts of their decisions, and**
  - **Define standards and create incentives for libraries to maintain strong local collections and services that contribute to the state's total library and information resources.**

Strategy 4. Include school library media centers in all state library initiatives.

The Task Force makes the following recommendations:

- **Provide state funding to add media center functions to the on-line systems of public, multitype or academic libraries** (see page 26)**.**
  - **Provide matching funds to cover conversion costs of school media center catalog records,**
  - **Upgrade existing library automation systems to include school records,**
  - **Require schools to commit to a maintenance of effort agreement,**
  - **Develop shared decision-making for the on-line automation system, and**
  - **Require school media centers to join a public, multitype or academic on-line system if they want access to state-funded databases.**

- **Explore current regional governance and administrative structures to determine whether services can be consolidated or coordinated** (see page 27)**.**

Strategy 5. Identify new sources of library funding.

While the Task Force considered a number of alternative methods of providing alternative revenue sources, none was viewed as preferable to the historic mixture of state and local tax funds and private and voluntary contributions.

Library Funding and Library Cooperation: Emerging Issues

In Minnesota, like most states, nearly all library policies and funding allocations are responsibilities of cities and counties, schools and colleges, and local and state government agencies. State appropriations specifically for libraries, a small percentage of all library funding, stimulate an effective statewide network by promoting cooperation and assuring that public library services are available in all areas of the state. This system has worked well as long as libraries largely served their local communities.

While serving local users remains their dominant mission, all publicly-assisted libraries cooperate in sharing and using each others' resources, impelled by resource constraints and user demand. Several limitations of current patterns of library service funding and decision-making become increasingly apparent as the state works toward building a comprehensive information technology infrastructure which grants citizens access to all information "whenever, wherever, and however the information services are needed," as stated in the Vision Statement of the Library Planning Task Force.

Users face organizational barriers. While public libraries will serve any Minnesota library cardholder, residents may have restricted access to collections of academic and school libraries. Library catalogs and information technologies vary because libraries make decisions based on their assessments of the needs of local users. Learners and teachers who rely on school media centers can be isolated from the wider world of information technologies because schools have lagged in using library networks and sharing resources.

Most Library Funding Depends on Local Decisions

Minnesota's publicly-assisted libraries include 360 public library buildings, about 1,440 public school media centers, 116 academic libraries in public and private post-secondary institutions, 118 publicly funded special libraries, and several state-supported library organizations that enable library cooperation. Together, these libraries and library organizations reported approximately $290 million in funding from all sources for fiscal year 1994 operations. Capital expenditures and costs paid by other parties on behalf of libraries are not included in this total.

Libraries receive their funding from many sources, and the basic structures of library funding are different for different types of libraries. Local taxes and receipts that fund public libraries, school media centers, and county law libraries are the largest single source, accounting for $130 million or 45 percent of funding for library operations. Other local sources, principally tuition revenues of public and private higher education institutions, add to $57 million, or another 20 percent.

State appropriations for library operations were approximately $100 million, or 35 percent of reported operations expenditures. Only $13 million of this amount, however, was directly appropriated to fund library cooperation, the Legislative Reference Library and the State Law Library. The remaining $87 million was appropriated to the University of Minnesota and the Minnesota State Colleges and Universities, to public school districts, and to state agencies which used a small part of their general appropriations to support their libraries. In 1995, the legislature significantly increased its direct appropriations by funding information technologies used by libraries.

The *Preliminary Report on Sources of Library Funding*, released by the Task Force in February 1996, details the sources of support for public, academic, public school, publicly funded special libraries (state agency, county law libraries and others) and state-funded organizations that enable library cooperation (see Appendix B).

Local funding results in wide variations in library resources. Public libraries and school media centers, which rely heavily on property taxes, cannot be adequately supported in areas with low property values. All libraries must compete for funding with other local government services, and their funding reflects the relative importance placed on library services by local decision-makers. Poorly funded libraries cannot maintain adequate collections to serve local users, do not have materials to share in cooperation with other libraries, and are unable to connect their communities with the resources that could be made available electronically.

Funding is local, but users are mobile. Few Minnesotans live and work in self-contained communities anymore. Library patrons want to use the most convenient, most appropriate library even if it is not the one supported with their property taxes or tuition. Growing enrollments in off-campus and distance education programs are resulting in larger numbers of patrons who expect library services from libraries that were never funded or organized to support their academic programs.

Individual libraries cannot keep up with skyrocketing acquisitions costs. Prices of library materials, especially magazines and information in specialized fields critical to business and health services, have been steadily increasing faster than the general rate of inflation. At the same time, an exploding knowledge base multiplies the number of newly released publications in both print and electronic formats. Academic libraries, in particular, can no longer afford comprehensive collections for their academic and research needs. More than in the past, libraries rely on other libraries to be willing and able to share resources. Each library's funding and policy decisions affect the entire library community.

New and emerging technologies require statewide solutions. Information technologies are essential tools for controlling costs, eliminating barriers to access, and serving mobile users with specialized needs. Technology development, however, often exposes limitations of local funding and decision-making. Personal computers in the home and distance education increase public expectations for access to information at any time or place and bring in users who have not contributed to the local funding base. Costs of technology implementation exceed the capabilities of many libraries. Individual libraries must give up some local decision-making to join networks with libraries across the state.

The years ahead will see dramatic changes in libraries. Information technologies will affect their entire operations and give them new roles in serving citizens of this state. Financing and governing structures will need to evolve to meet changing conditions. The task force's recommendations, while affirming much of the existing organization of library services, point to immediate actions which will promote cooperation in this new environment.

Introduction and Charge

In recent legislative sessions, policymakers have taken significant steps to develop a state information infrastructure which will use the emerging technologies of the twenty-first century. Libraries, a traditional part of information and education services, perform important new roles and functions in this environment. Yet the basic organization and financing structures for libraries were created in an earlier time--a time when the population was less mobile, the growth in new information was more manageable, and few materials were available in electronic forms.

To help libraries take advantage of computer and telecommunications technologies, the 1994 Minnesota legislature established the Library Planning Task Force, composed of both librarians and knowledgeable people from other professions.[1] The following report contains Task Force recommendations regarding appropriate financing structures, in response to the following charge:

> **[FINANCING SOURCE REVIEW.] The task force shall identify current library financing sources and make recommendations on how to use the money more efficiently. The task force shall also identify additional financing sources. By February 1, 1996, the task force shall provide recommendations to the legislature on financing structures that are designed to promote cooperation and collaboration among all libraries.[2]**

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[1] *Laws of Minnesota for 1994*, Chapter 643, Section 69. The initial charge to the Task Force was to review proposed library construction projects. In the 1995 session, legislation significantly expanded the charge to the task force, adding six other long-range planning issues related to electronic library and information services.

[2] *Laws of Minnesota for 1995*, Chapter 212, Article 2, Section 13.

The Task Force began work on its response to this legislation during the summer of 1995. After consultation with legislative sponsors, the Task Force presented a *Preliminary Report* in February, 1996, which identifies current funding sources.[3] It spent the next months developing the recommendations in this document.

The Task Force believes that its recommendations will improve efficiency for both libraries and library users. Existing state investments in library cooperation, less than 5 percent of reported operations expenditures in 1994, effectively reduce redundancy, facilitate sharing materials and other resources, and provide access to the full wealth of Minnesota's library collections. New strategic investments, coupled with strong local support, will make it easier and less time-consuming for all library users to access information through technology. Library collections can become more focused and library operations more efficient by encouraging libraries to employ technology in a common effort to serve citizens of the state. Consolidating state library programs will strengthen leadership for this effort and maximize the impact of state funds.

The Financing Source Review is related to other work assigned to the Task Force: to plan to meet the needs of distance learners, to make recommendations about governance and administrative structures, and to identify other issues that should be addressed in coordinating the expansion of library technologies.

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[3]A summary of findings from the *Preliminary Report* is Appendix A of this document. Appendix B includes the entire *Preliminary Report*.

Challenges: Minnesota Libraries in the Information Age

While some people may envision a time when libraries become unnecessary, we believe such a time will never occur. Despite the advances that have been and will be made for electronic dissemination of information, the scenarios proposed by some futurists fail to recognize other important functions and services provided by the nation's libraries. From the earliest days of this country, libraries have been the people's university, a place where learning is self-paced, where no tuition is charged, and where materials for all grade levels--from preschool to postgraduate--are included in the library's collections. We believe that it is the library that is our nation's best hope of preventing the emergence of the information-haves and have-nots.

Other important library functions include being a center of the community--be it a neighborhood, campus, or school--a contributor to both cultural and economic development, an important resource for education, research and student learning, and a convenient source of information for accessing Internet and other electronic information sources. Minnesotans will continue to look to libraries when they need information for education, work or recreation. The traditional library is evolving into an access point for information in new formats.

While libraries remain committed to their traditional missions, library operations are undergoing rapid adjustments to changing patron expectations and needs, the

growth in information technologies, and the squeeze between escalating costs and constrained ability to raise income through traditional revenue sources. All these changes are increasing the importance of library cooperation as a major tool in providing efficient library services to every region in the state.

Traditions of Local Funding and Decision-Making

The Task Force's vision for library services seeks to create a world in which boundaries which limit access are erased or become invisible. Minnesota already has a notable history of achievement in this area. It is one of a the few states, for instance, where residents can use any public library in the state. State leadership and voluntary efforts have assisted public, academic and state agency libraries in cooperating across boundaries and readily sharing materials and expertise.

More, however, remains to be done. Public access to academic and school libraries usually is restricted. School library media centers have not participated as full partners in statewide programs and often have limited or no access to library networks which would enable them to share resources and benefit from information technologies used in other libraries. And, to some extent, existing financing structures, grounded in local decision-making and varying by each library's primary mission, are barriers to the full realization of the cooperative vision.

Variations in Funding

Libraries traditionally have been created and supported by local communities, and most funding for library operations comes from locally generated or allocated resources. As a result, public libraries, school libraries, and academic libraries exhibit wide ranges in funding levels, reflecting the "wealth" or budget strength of their sponsoring communities or organizations, as well as the priority that is placed on library services compared to other needs. Poorly funded libraries cannot afford the new costs of electronic technologies which could efficiently link them to other libraries and on-line resources.

These variations in resources also mean that the quality and accessibility of library services are not uniform throughout the state. Libraries that are comparatively well-financed fill some gaps by serving users who are not part of their intended clientele in the library or through interlibrary lending. This practice can be seen as unfair when there is extensive use of a library's collections and assistance by patrons who have not contributed to the local funding source.

A Mobile Population

The local funding bases (local taxes and tuition revenues) for libraries are in growing conflict with a mobile population that has sophisticated and diverse information needs.

Many of Minnesota's libraries were founded when Minnesotans lived, worked, and went to school in a single community. That made it comparatively easy for a library to know its customer's needs and justified using local sources of funding for libraries. Today, many Minnesotans live and pay property taxes in one city and county, but use a library in another community where they work, shop or attend school. Distance learners pay their tuition to one institution, but may use a nearby public library or another institution's academic library for their information needs. As users develop more sophisticated and demanding requirements, they expect to be able to use any library with appropriate information resources, regardless of funding and governance.

Acquisitions Cost Pressures

Libraries are challenged to keep their collections current while, at the same time, investing in new technologies.

Few acquisitions budgets can keep pace with the explosion in new information being released, especially in specialized journals. Between 1971 and 1991, the number of published serials increased from 70,000 to more than 118,000. Moreover, during the first part of this decade, the median price of a U.S. serial grew at an annual rate of 10.8 percent; the costs of foreign periodicals grew even faster. As a result of price increases, the University of Minnesota subscribes to 1,786 fewer journals now than in 1990. Even with more selective serials acquisitions, many academic libraries have had to reduce book purchases to maintain current coverage of essential journals.

New and Emerging Information Technologies

New and emerging technologies will provide efficient and expanded access to information (especially journals and reference materials), but these technologies, too, require significant investment. The 1995 Legislature appropriated $800,000 for aid to public regional library systems for data access connections, technical support, and promotion of electronic access to the public. Public and school libraries also are being assisted by a portion of $15.5 million appropriated for the 1996-97 biennium to create and build upon regional telecommunications links. The emerging Learning Network of Minnesota, a statewide telecommunications infrastructure, will connect all public colleges, schools, and libraries. Despite these critical commitments by the state, on-site equipment, on-going staff training, and site licenses for digital information still require substantial local investments to keep up with this fast-changing environment.

Technology is further blurring the connection between place of residence and use of library resources. The Learning Network of Minnesota and other technologies are allowing more students to take advantage of educational opportunities without travel to a school or college campus. These students often do not have access to their institution's library. They may do without adequate library support, or they may visit nearby public and academic libraries, expecting to find resources and assistance for their programs.

Electronic library services are one function where state and regional coordination are essential, both to share costs and to assure standards so that information can be exchanged across jurisdictions. As these technologies grow in importance, they challenge the tradition of local governance for libraries.

Recommended State Strategies

Despite fragmented governance and many local and state funding mechanisms, Minnesota libraries can demonstrate a solid record of cooperation. In part, this record is due to state programs which organize and support cooperation and, in part, to the efforts of library leaders who have recognized opportunities to improve service and efficiency through cooperation.

One day, technologies may make basic library financing and governance structures very different, but the change is likely to be one of evolution, not sudden or radical change. In the years ahead, there will continue to be conflicts between local governance traditions and statewide objectives. Much of the public's support for libraries now depends upon the commitment of local users whose needs are evaluated and met by librarians who know their customers firsthand. The majority of user requests can still be filled most efficiently through locally-owned print materials, even though increasing amounts of information are available in electronic form.

While local governance and funding are likely to remain the foundation of library services, the Task Force believes that the state has a responsibility to assure a basic level of service to Minnesotans throughout the state with all users paying a fair share. The shape of that responsibility is changing, especially in light of growing information needs and technological developments now on the horizon. Regional and statewide organizations are appropriate for functions which are most efficient when they take

advantage of resource sharing and economies of scale. Information technologies frequently fit these criteria because they are expensive, require consistent standards, and facilitate resource sharing across library jurisdictions.

The following recommendations present state-level strategies to adapt funding and governance structures to the changing context for library services. These recommendations would lower barriers to library cooperation, provide incentives for libraries to cooperate and share resources, reduce disparities in library services, and enable all libraries to increase their efficiency through technology and cooperation.

Target state funds strategically to leverage efficient and thorough implementation of information technologies in order to improve cooperative access to library collections.

Most libraries in Minnesota receive the majority of their funding from their parent body--a city, county, school, or college. This pattern should continue since individual libraries serve different constituents and often provide services that are unique to the needs of their sponsoring organization.

In fiscal year 1994, the state invested approximately $13 million in direct support for library operations, virtually all used for activities promoting library cooperation. These direct state appropriations make MINITEX and regional library cooperation programs possible. In the 1995 session, the legislature added investments in technology that will improve the entire educational infrastructure, including libraries.

The following recommendations continue to focus the state role on financing activities which are most efficiently handled at the state level and which strengthen cooperative relationships among libraries.

Recommendations

- **Invest additional state funds in information technologies that will benefit Minnesota residents regardless of the library they choose to use.**
  - **Develop a *statewide on-line library information system* available to any resident of the state at any time to:**
    - **View and search the bibliographic holdings of all the state's public and private libraries,**
    - **View and search a core collection of electronic indexes and full text journal articles, and**
    - **Retrieve materials with simple, uniform electronic commands.[4]**
  - **Expand purchasing of *statewide site licenses* for a core collection of electronic indexes and full text journal articles that would be available at all school, college, government and public libraries.**
  - **With pilot projects, explore options for a statewide *reference information referral backup network* to support libraries in meeting the information needs of their users. Potentially, emerging technologies could ensure that library staffs and/or citizens have access to quality reference and information services 24 hours per day, seven days a week.**
- **Sustain state funding for existing programs, such as multitype library systems, regional public library systems, and MINITEX, which allow libraries to be cost-effective by working together and sharing resources.**
  - **Continue investment in the *Learning Network of Minnesota*, linking schools, libraries and higher education into an integrated system for access to digital resources and sharing of educational resources.**

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[4]The Library Planning Task Force will make specific recommendations for a statewide on-line information system in a separate report to the 1997 Legislature.

- **Continue support for *multicounty multitype systems* in order for all types of libraries within regions to share resources, integrate bibliographic databases, communicate, and provide staff training.**

- **Continue basic support for *regional public library systems* that provide for consolidation of technology, as well as services, operations, and staff to improve efficiencies so that all areas of the state may have a basic level of public library service.**

- **Support the costs of *document delivery* around the state, including information held in electronic and physical formats, in order to allow individual libraries to reduce purchases of infrequently requested materials.**

- **Enable libraries to make efficient acquisitions and disposal decisions in consultation with other libraries through support for *cooperative collections management*.**

Reinforce local responsibilities for providing adequate library services as part of a statewide effort.

Voluntary cooperation is threatened when libraries perceive that their resources are used to insulate other libraries from maintaining strong collections and customer service. Off-campus and distance learners pose new challenges to cooperative relationships among Minnesota libraries, and developments in technology will further increase the demand for library services by remote users. While much of the increased demand will represent improved service and library efficiency, some libraries are fearful that they could be overwhelmed by requests from across the state if other communities do not keep their collections current. Inadequate libraries not only limit

the access of their intended users, but also place burdens on other libraries without offering resources that can be shared in return.

The following recommendations on local responsibilities are directed toward maintaining healthy libraries that have the capability to contribute to the state's resource sharing and library cooperation initiatives.

Recommendations

- **Set target standards for public library funding based upon per capita support amounts and/or levy rates in excess of statutorily established minimums. Establish a program that equalizes funding for library support in order to provide a core set of library services in cities or counties with low tax capacities when those entities meet target levy standards.** [5]

- **Require both publicly and privately supported libraries that connect to state-funded electronic resources to allow any Minnesota resident to use the library's collections and services on-site.**

- **Require public and private post-secondary institutions which rely on other libraries to serve their off-campus or distance education students to make service arrangements with those libraries or otherwise ensure that student information and library service needs are supported.**

- **Provide state incentive funds to publicly-supported libraries that sustain their acquisitions budgets.**

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[5]This recommendation is based on the work of a joint task force of the Minnesota Library Association and the Office of Library Development and Services in 1994. That group recommended the minimum levy in all participating cities and counties be 1.23 percent of Adjusted Net Tax Capacity and that eligibility for equity funding be established if the minimum tax rate does not generate at least $15.00 per capita. These criteria need to be reevaluated.

Focus and strengthen library governance and administrative structures.

Library policymaking for the state is now disjointed, both at the legislative and administrative levels. In the legislature, higher education funding committees handle appropriations for public colleges and universities and the Higher Education Services Office, including MINITEX. K-12 appropriations committees fund public library cooperation, multicounty multitype library systems, public schools, library automation in state agency libraries, and the Office of Library Development and Services. Libraries of state agencies and other units of state government receive funding from various committees as part of regular agency budgets. Regions are served by two organizations which are major vehicles for library cooperation, regional public library systems and multicounty multitype library systems.

The following recommendations propose greater unity in looking at the needs of different types of libraries and promote cost savings by:

- combining currently disparate library programs in one agency,
- empowering one agency to negotiate statewide discounted contracts for library services, and
- providing a single focal point for statewide library programs.

Recommendations

- **Create a Minnesota Library Commission as a successor organization to the Library Planning Task Force in order to consolidate the administration of state-funded programs for library cooperation and provide services for all types of libraries. The Commission will:**

- **Assume current responsibilities of the Office of Library Development and Services (for public libraries, multitype library systems, and services for the blind and physically handicapped) and current library-related responsibilities of the Higher Education Services Office (for MINITEX and staffing the Library Planning Task Force).**

- **Provide technical assistance and support for school library media centers, coordinate state policies for school library media centers, and assure that school library media centers are served by all state library and telecommunications services.**

- **Make policy decisions in accordance with state statutes and allocate state resources for electronic library materials and access. Potentially, the Commission may operate the proposed statewide on-line library system.**

- **Assist the K-12 and Higher Education Finance Divisions in the legislature to coordinate and review the impacts of library and information systems funding decisions made in different committees.**

- **Define standards and create financial incentives for libraries to maintain strong collections that are the building blocks of voluntary resource sharing.**

Include school library media centers in all state library initiatives.

Modern school library media programs operate as part of the school's overall learning strategy in partnership with teachers to promote the curriculum of the school. In today's environment, they have a growing role in teaching information and technology literacy skills to learners and to other school staff. It is paramount that all K-12 school library media centers become automated and connected to other automated information cooperatives, including other libraries, the Internet, and the proposed statewide online system for the following reasons:

- to increase access to information resources not available locally;
- to provide the ability to share resources more effectively with the community;
- to ensure that all students have equal access and that we are not promoting a system of haves and have-nots;[6] and
- to provide post-secondary option students and adult learners access to information resources in their local communities.

To accomplish these goals, school library media centers could join their public library, multitype or academic online systems, rather than create their own systems. This could connect them to other schools as well as their local libraries and provide an on-ramp to the proposed statewide on-line system. Establishing closer connections between regional public libraries and members of the multicounty multitype library systems, based on common automation systems, will raise broader issues about the relationships between these two regional structures. These issues will vary greatly from region to region.

The following recommendations would allow school library media centers to become full participants in the state's information systems and streamline library operations.

Recommendations

- **Provide state funds for including school library media center functions in public, multitype or academic on-line systems.**

[6]Local academic and public libraries provide services to K-12 students, but usually those students must take the initiative or have parental involvement.

- **School districts that have established local and wide area networks and telecommunications access through the Learning Network of Minnesota will be eligible for matching funds to cover conversion costs.**

- **Additional funding will be provided for public, multitype and academic libraries to upgrade their automation systems to accommodate additional school library media records and usage. In order to obtain secure connections and make databases accessible through dedicated access or the Internet, this funding should consider factors including: processor and memory capacity, licensing and software, telecommunications equipment and staff support.**

- **These school districts will commit to a maintenance of effort agreement in the operation of their media centers in order to be equal partners with other libraries.**

- **School media centers and cooperating libraries will identify appropriate ways for the school library to be involved in the governance of the on-line system.**

- **Only those school library media centers that are members of public or academic library automation systems will have state-funded access through local and wide area networks to full-text databases.**

- **State demonstration grant funds should be made available to regional public library and multicounty multitype library systems to explore ways in which services and organizations can be more closely coordinated or consolidated.**

Identify new sources of library funding.

While the Task Force considered a number of alternative methods of providing financial support for libraries, the historic mixture of state and local tax funds and private and voluntary contributions has worked well. The Task Force discussed, but does not recommend, vouchers and expanded user fees as major ways to restructure library funding. Significant charges to users would harm access to information, just

when universal proficiency in the use of knowledge is becoming critical to the state's future.

Previous Task Force recommendations address strategic areas where additional state resources would help position library and information services to take advantage of emerging technologies. General state revenues, the source for most existing state-funded expenditures, would be appropriate to fund these recommendations. Additional revenue sources which could be considered are:

- An excise tax on telecommunications,
- A state tax (such as a portion of the sales tax) to be distributed to local jurisdictions for public libraries, and
- Sales taxes collected on books and computer products to be dedicated toward maintaining the electronic information infrastructure.

Appendix A: Current Sources of Library Funding Summary

Current sources of library funding are identified in the Task Force's *Preliminary Report on Sources of Library Funding*, issued in February, 1996 (see Appendix B for the complete report).

Library Funding from All Identified Sources

Minnesota has 360 public library buildings, about 1,440 public school media centers, 116 academic libraries in public and private post-secondary institutions, 118 publicly funded special libraries, and several state-supported library organizations that enable library cooperation.

These libraries and library organizations reported approximately $290 million in funding from all sources for fiscal year 1994 operations.[7] Because Minnesota libraries are operated by a variety of public and private organizations, information on their funding is not maintained or collected in a uniform manner. Information on library funding statewide and for different types of libraries, therefore, must be considered estimates.

[7]Operating expenditures attributable to libraries generally include costs of materials preservation and acquisitions, interlibrary loans and other forms of library cooperation, staffing, and furniture and equipment. Reported expenditures, however, often do not include costs paid by other organizations or budgets. Fringe benefits and telecommunications expenditures, for example, may be covered by the budgets of other departments. Facilities expenditures, including building operation and maintenance, are additional costs of academic, school, and state agency libraries that parent organizations do not usually report separately as library expenditures.

The distribution of reported direct funding for operations by library type in fiscal year 1994 was:

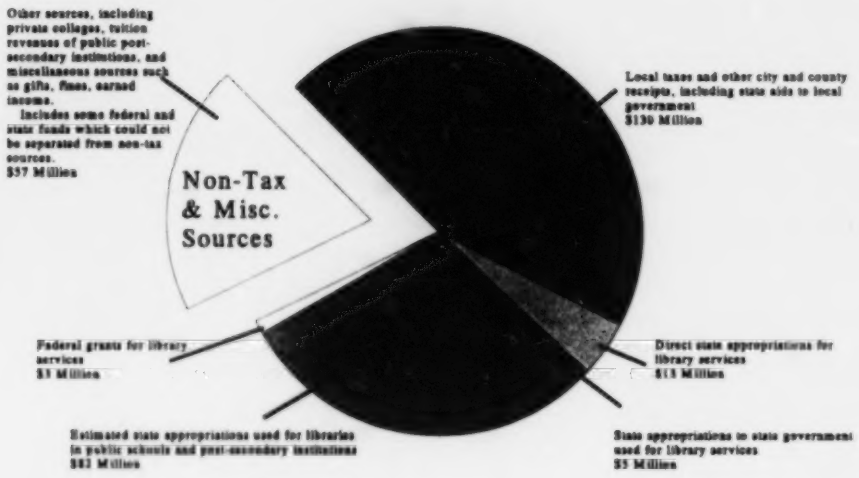
Public Libraries	$106 million
Public School Library Media Centers	$ 94 million
Academic Libraries	$ 75 million
State Agency/Other Libraries	$ 10 million
Library Coordination and Statewide Services	$ 4 million[8]

Local Decisions about Funding and Services Predominate

Most library services are the result of local decisions, dependent on the local ability to raise funds and the priority that library services have within the community,

Reported Sources of Estimated Funding for Library Operations

Fiscal Year 1994


Other sources, including private colleges, tuition revenues of public post-secondary institutions, and miscellaneous sources such as gifts, fines, earned income.
Includes some federal and state funds which could not be separated from non-tax sources.
$57 Millies
Non-Tax & Misc. Sources
Local taxes and other city and county receipts, including state aids to local government
$130 Million
Federal grants for library services
$3 Million
Direct state appropriations for library services
$13 Millies
Estimated state appropriations used for libraries in public schools and post-secondary institutions
$83 Millies
State appropriations to state government used for library services
$5 Millies

[8]Individual amounts do not add to $290 million due to rounding.

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school, campus or other parent organization. Over 90 percent of public library revenues are raised and allocated to library budgets at the local level. School library media center funding decisions are made by school districts or, increasingly, individual school buildings, from general state aid, local tax revenues, and miscellaneous sources. Public academic library funding decisions are made by campus administrators who manage system allocations from state appropriations and tuition revenues.

Most Libraries Receive Significant Funding from Local Users

Local taxes and other receipts (including homestead credit payments, state aid to counties and cities, and other general purpose revenues which local units of government elect to use for libraries) accounted for 87 percent of public library revenues and 48 percent of public school media center expenditures in fiscal year 1994. Locally-collected fines, fees, and gifts contributed another 3 percent of public library operational support.

Academic libraries in public institutions received an estimated 30 percent of their aggregated funding through tuition revenues allocated to each campus. Academic libraries in private institutions received the great majority of their funding through student tuition. Only state agency and state school libraries are supported entirely with state funds.

Public Education and State Agency Library Operations Funded by General Appropriations

The greatest amount of state tax support for libraries, $87 million in 1994, is channeled through general legislative appropriations for operating schools, public post-secondary institutions, and state agencies. State appropriations are the major source of funding for these libraries, but policy decisions about library services and funding allocations are made by parent organizations, not by the legislature.

Decisions about construction and remodeling of academic libraries in public institutions are the major exception to local decision-making for libraries. Capital bonding decisions are made at the state level for specific library buildings.

Limited Direct State Appropriations Support Library Cooperation

Direct state appropriations specifically line-itemed for library services accounted for approximately $13 million spent on library services in 1994, less than 5 percent of reported funding for operating expenditures. Virtually all direct state appropriations for library services support organizations that serve libraries or provide statewide library leadership (exceptions are the Legislative Reference Library and the State Law Library). Direct state appropriations account for about 7 percent of public library expenditures and are used for regional cooperation; no direct state appropriations are line-itemed for academic libraries or school media centers.

State Coordination of Library Resources is Divided

Neither the Minnesota House nor Senate committee structures include a body which focuses solely on library finance and other policies. Higher education funding committees have jurisdiction over public post-secondary institutions, MINITEX and the Higher Education Services Office. K-12 funding committees have jurisdiction over public libraries, multicounty multitype library systems, schools, the Office of Library Development and Services, and automation funding for state agency libraries. Libraries of state government are funded by different committees, depending on the host agency. Library and information system policy issues increasingly overlap with communications technology issues.

State-designated organizations for improving library services are organized by region, by type of library, or by specific library functions:

- The Office of Library Development and Services provides statewide leadership for public libraries and multitype systems.
- Multitype library systems help coordinate regional resources of public, school, academic and other member libraries.
- MINITEX has taken on some of the statewide library issues among academic, public, and state agency libraries, but its primary purpose is to manage resource sharing and other services supported through state appropriations.

School Library Media Centers Lack Representation

School library media centers are no longer represented as a sector by any level of state government. With the elimination of a dedicated unit in the Minnesota

Department of Education (now Department of Children, Families and Learning), the state-level presence of school library media centers disappeared. At the regional level, school library media centers do participate in multicounty multitype library cooperation systems where they gain access to interlibrary loans and other forms of library cooperation agreed to within the region.

Appendix B: Preliminary Report on Sources of Library Funding

The following *Preliminary Report* was submitted by the Task Force to the Legislature in February, 1966. The *Preliminary Report* contains specific information on the sources of funding for public, academic, public school, certain publicly-funded special libraries (state agency, county law libraries and others) and state-funded organizations that enable library cooperation.

Sources of Library Funding

Preliminary Report

Library Planning Task Force

February 1, 1996

This document can be made available in alternative formats, such as large print, Braille or audio tape by contacting the receptionist at the Higher Education Services Office (HESO) at (612) 296-3974 or 1-800-657-3866. If you use a TTY, you can call the Minnesota Relay Service at (612) 297-5353 or 1-800-627-3529 and ask them to place a call to 296-3974.

Library Planning Task Force

VISION STATEMENT

All people in Minnesota will have access to a wide array of high quality library services and global information resources in a range of formats whenever, wherever, and however the information services are needed.

Therefore, the Library Planning Task Force values:

1. Minnesota library services that respond sensitively to users' locations, schedules, and other life circumstances;

2. Minnesota library services that are responsibly cost effective;

3. Minnesota library services that insure a richness of accurate and authoritative educational, cultural, and recreational information in all formats;

4. Minnesota library services that embrace creative collaboration between public and private entities enabling users access to seamless information resources;

5. Minnesota library services that are visionary in their use of technology to create an adaptable and expandable library network conforming to national and international information standards; and

6. Minnesota library services that empower users with skills to acquire new knowledge in the pursuit of lifelong learning.

Adopted July 12, 1995

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Executive Summary

In this preliminary report, the Library Planning Task Force identifies current sources of funding for Minnesota libraries. The report is submitted in response to 1995 legislation directing the task force to consider whether existing funding policies encourage libraries to work together in meeting Minnesota's growing information needs:

> [FINANCING SOURCE REVIEW.] The task force shall identify current library financing sources and make recommendations on how to use the money more efficiently. The task force shall also identify additional financing sources. By February 1, 1996, the task force shall provide recommendations to the legislature on financing structures that are designed to promote cooperation and collaboration among all libraries.[1]

The task force began work on its response to this legislation during the summer of 1995. In November 1995, the chair of the task force consulted with legislative sponsors about the need for recommendations prior to the 1996 session. They agreed to accept a preliminary report in February, 1996, and a final report with recommendations in June, 1996, in time for the fiscal year 1998-99 budget cycle.

The Many Faces of Library Cooperation

The scope of this report covers Minnesota's 360 public library buildings, about 1440 public school media centers, 116 academic libraries in public and private post-secondary institutions, 118 publicly funded special libraries, and several state-supported library organizations that enable library cooperation. Private school libraries and special libraries affiliated with for-profit and non-profit organizations are not included in the data. Information about current funding sources and decision-making structures is a first step in identifying potential changes that might improve the state's capacity for library and information services.

Libraries focus their collections and services on particular groups of users: city residents, employees, people interested in a specialized field of knowledge, or students and faculty in a school or

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[1] *Laws of Minnesota for 1995*, Chapter 212, Article 2, Section 13.

college. No library, however, can satisfy all users with local resources--a growing problem as publication costs escalate and mobile users visit the most convenient library at the moment.

Minnesota's library services are already highly dependent on cooperation among libraries:

- A vacationing Rochester resident checks out Peter Drucker's latest book on management in the Pelican Rapids Library, taking advantage of reciprocal borrowing privileges agreed to by all regional library systems.
- Using a terminal in the Southdale-Hennepin Library, a Bloomington high school student locates the book she needs for her senior research report on French politics in the Hamline University catalog.
- Librarians at St. John's University decide to discontinue an expensive, specialized journal after verifying that St. Cloud University will retain its subscription.
- Libraries save $246,000 in a single year by buying materials under group purchasing and discount agreements negotiated by the MINITEX office.
- An Austin Community College student obtains copies of journal articles about nursing patients with HIV from the College of St. Catherine Library.

Technology is a major force driving library cooperation today as the state invests in telecommunications and other technologies which increase learning and access to information. Libraries must agree on standards and protocols for building computer data bases, for exchanging catalog information, and for sharing costs of expensive equipment and software. Distance education supported by the Learning Network and other technologies will increase the numbers of students who seek library services locally rather than through their school or college.

Preliminary Findings

1. ***Estimates of funding received from different sources by Minnesota libraries do not include all costs and are derived from information collected under multiple accounting and reporting structures.***

Because Minnesota libraries are operated by a variety of public and private organizations, information on their funding is not maintained or collected in a uniform manner. Information on library funding statewide and for different types of libraries, therefore, must be considered estimates. The major difficulties in assembling a complete picture are:

- Separate data systems on funding for public libraries, academic libraries and public school library media centers are not identical in terms of the activities or expenditures covered.

- Library budgets frequently do not include all costs of library services. The public libraries are the only libraries including building operations and maintenance costs in their funding reports, but only some libraries pay them out of their library budgets. Indirect costs and costs paid by other departments are usually not included in library funding reports. There is great variety in the types of expenditure benefiting libraries that different organizations elect to pay outside the library budget.

- Construction and other capital costs are not collected systematically and costs of debt repayment are not included with costs of library operations.

2. ***Minnesota public libraries, public school library media centers, public and private academic libraries, libraries associated with state government, and state organizations for library cooperation reported approximately $290 million in funding from all sources for fiscal year 1994 operations.***[3]

The distribution of reported direct funding for operations by library type that year was:

Public Libraries	$106 million
Public School Library Media Centers	$ 94 million
Academic Libraries	$ 75 million
State Agency/Other Libraries	$ 10 million
Library Cooperation and Statewide Services	$ 4 million[3]

This annual investment in operating libraries represents an average of $62.95 per Minnesota resident, including charges made to users in the form of tuition or other fees. Local, state and federal taxes used for direct operating costs for these libraries were an estimated $50.61 per capita.

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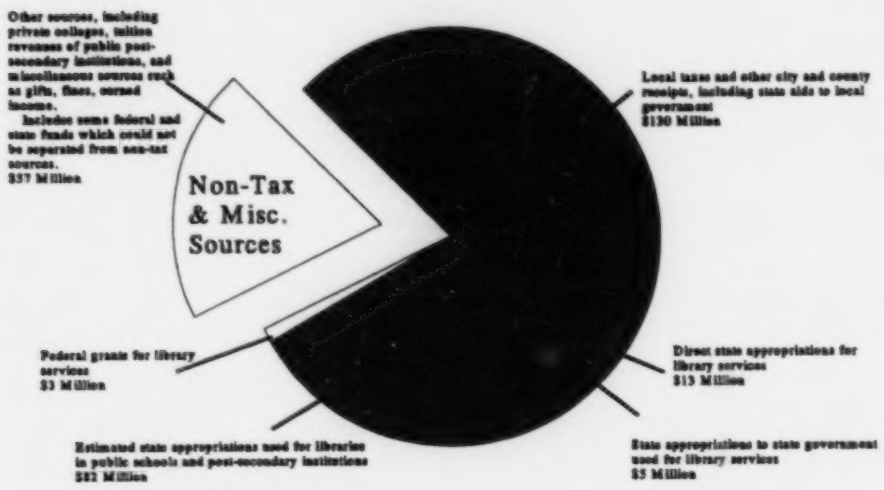
[2]Operating expenditures attributable to libraries generally include costs of materials preservation and acquisitions, interlibrary loans and other forms of library cooperation, staffing, and furniture and equipment. Reported expenditures, however, often do not include costs paid by other organizations or budgets. Fringe benefits and telecommunications expenditures, for example, may be covered by the budgets of other departments. Facilities expenditures, including building operation, and maintenance, are additional costs of academic, school, and state agency libraries that parent organizations do not usually report separately as library expenditures.

[3]Individual amounts do not add to $290 million due to rounding.

Reported Sources of Estimated Funding for Library Operations

Fiscal Year 1994


Other sources, including private colleges, tuition revenues of public post-secondary institutions, and miscellaneous sources such as gifts, fines, earned income.
Includes some federal and state funds which could not be separated from non-tax sources.
$57 Million
Non-Tax & Misc. Sources
Local taxes and other city and county receipts, including state aids to local government
$130 Million
Federal grants for library services
$3 Million
Direct state appropriations for library services
$15 Million
Estimated state appropriations used for libraries in public schools and post-secondary institutions
$82 Million
State appropriations to state government used for library services
$5 Million

3. ***Most library services are the result of local decisions, dependent on the local ability to raise funds and the priority that library services have within the community, school, campus or other parent organization.***

In Minnesota, as in nearly all other states, libraries are not really a state function, despite state participation and encouragement for library services. Historically, libraries have existed to serve the needs of their local community, school, college or state agency. Over 90 percent of public library revenues are raised and allocated to library budgets at the local level. Public school library media center funding decisions are made by school districts or, increasingly, individual school buildings, from general state aid, local tax revenues, and miscellaneous sources. Public academic library funding decisions are made by campus administrators who manage system allocations from state appropriations and tuition revenues.

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4. ***The greatest amount of state tax support for libraries, $87 million in 1994, is channeled through legislative appropriations for operating schools, public post-secondary institutions, and state agencies.***

State appropriations are the major source of funding for public school media centers, academic libraries in public post-secondary institutions, and state agency libraries. Policy decisions about library services and funding allocations, however, are made by parent organizations, not at the legislature.

5. ***Direct state appropriations (specifically line-itemed) for library services accounted for approximately $13 million spent on library services in 1994, less than 5 percent of reported funding for operating expenditures.***

Direct state appropriations represent a very small part of expenditures on libraries. They account for about 7 percent of public library receipts; no direct state appropriations are made to operate public academic libraries or school media centers.

6. ***Direct state appropriations for library services are line-itemed for library coordination and cooperation, rather than individual libraries.***

Virtually all direct state appropriations for library services support organizations that serve libraries or provide statewide library leadership (exceptions are the Legislative Reference Service and the State Law Library). The largest direct appropriations, Regional Basic Support System Grants, Regional Library Telecommunications Grants, and Regional Library Telecommunications Aid, fund public regional library systems and public library cooperation rather than individual libraries. The state appropriation to the Higher Education Services Office for MINITEX provides resource sharing services to academic and state agency libraries. Multicounty multitype library systems are directly funded by state appropriations to provide leadership, services delivery and coordination among libraries.

7. ***In contrast to operating costs, capital costs of public academic libraries are financed through legislative decisions about specific proposed projects.***

Decisions about construction and remodeling of academic libraries in public institutions are the major exception to local decision-making for libraries. Capital bonding decisions for specific library buildings are made at the state level.

8. ***Legislative decisions on state policy and appropriations for libraries are split among several committees in both the House and Senate.***

Neither the Minnesota House nor Senate committee structures include a body which focuses on library policies. Higher education committees have jurisdiction over public post-secondary institutions, MINITEX and the Higher Education Services Office. K-12 funding committees have jurisdiction over public libraries, multicounty multitype library systems, schools and the Office of Library Development and Services. From 1976 until the late 1980s, a joint House-Senate Subcommittee on Libraries reviewed legislation regarding public libraries, but that forum no longer exists. Library and information system policy issues increasingly overlap with communications technology issues.

9. ***State-designated organizations for improving library services are organized by region, by type of library, or by specific library functions.***

The Office of Library Development and Services provides statewide leadership for public libraries and multitype systems. Multitype library systems help coordinate regional resources of public, school, academic and other member libraries. MINITEX has taken on some of the statewide library issues among academic, public, and state agency libraries, but its primary purpose is to manage resource sharing and other services supported through state appropriations. In addition to state-sponsored agencies for libraries, the library community has created library networks, consortia, and professional associations to meet particular areas of interest or need.

10. ***School library media centers are not represented as a sector by any level of state government and have no forum for participating in the resolution of statewide issues.***

With the elimination of a dedicated unit in the Minnesota Department of Education (now Department of Children, Families and Learning), the state level presence of school library media centers disappeared. At the regional level, school library media centers do participate in multicounty multitype library cooperation systems where they gain access to interlibrary loans and other forms of library cooperation agreed to within the region. School library media centers may purchase library products through cooperative purchasing through the MINITEX office, and they may receive MINITEX interlibrary loan services through their membership in a multitype library system, depending on regional

arrangements. But without specific funding to support basic MINITEX services to schools, school libraries do not participate as institutional members of MINITEX.

Introduction and Background

With this report, the Library Planning Task Force, established by the 1994 Minnesota Legislature, submits a preliminary report on the sources and structures of library funding.

During the past century, libraries evolved from buildings in scattered locations, serving particular individuals and communities, to coordinated services that reach all Minnesotans. At one time, a library's primary clientele could be easily identified, and libraries could focus on the needs of that clientele. Today, libraries still strive to meet immediate needs with on-site resources, but they also have established formal links with other libraries to extend access to an expanding world of information and knowledge.

Legislation

Minnesota's libraries, founded by local governments and educational institutions, receive their funding in different ways, depending upon sponsorship. Many of the current funding patterns date from the nineteenth century, and the last major changes took place nearly 20 years ago.

Like education and other organizations that leverage information and knowledge, libraries have gained importance to policymakers looking to create an infrastructure that will serve the state well in the coming years. Minnesota's growing investment in information and telecommunications technologies raises the stakes in having libraries that are able to work together effectively. In this climate, lawmakers directed the Library Planning Task Force to review current methods of funding libraries to determine whether they support cooperation and collaboration:

> [FINANCING SOURCE REVIEW.] The task force shall identify current library financing sources and make recommendations on how to use the money more efficiently. The task force shall also identify additional financing sources. By February 1, 1996, the task force shall provide recommendations to the legislature on financing structures that are designed to promote cooperation and collaboration among all libraries.[4]

The task force began work on its response to this legislation during the summer of 1995. In November 1995, the chair of the task force consulted with legislative sponsors about the need for

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[4] *Laws of Minnesota for 1995*, Chapter 212, Article 2, Section 13.

recommendations prior to the 1996 session. They agreed to accept a preliminary report in February, 1996, and a final report with recommendations in June, 1996, in time for the fiscal 1998-99 budget cycle.

The Library Planning Task Force

The Library Planning Task Force was established in legislation in 1994.[5] Members are listed in the appendix.

The initial charge to the Task Force was to review proposed library construction projects and to make recommendations to guide the legislature's funding decisions. The Task Force reviewed projects during fall 1995 in preparation for the 1996 session.

In the 1995 session, legislation significantly expanded the charge to the task force. In addition to the financing source review, contained in this report, the Task Force was directed to consider six other long-range planning issues on an on-going basis.[6] As the Task Force reviewed funding sources, it has been mindful of these other responsibilities, particularly the charge to make recommendations on appropriate governance and administrative structures.

Approach to the Financing Source Review

In its final report, the Task Force will focus on the degree to which *financing structures* encourage or impede cooperation and collaboration among libraries. In preparation for making recommendations, the task force sought to document and understand the current funding structures.

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[5] *Laws of Minnesota for 1994,* Chapter 643, Section 69. Members are named by the Chancellor of Minnesota State Colleges and Universities (MnSCU), Presidents of the University of Minnesota and the Minnesota Private College Council, Commissioners of Finance and Education, the Director of Library Development and Services, the Executive Director of the Higher Education Coordinating Board and the Governor. At least one-half of the members must be employed in occupations other than library science. With the abolition of the Higher Education Coordinating Board, responsibilities for participating in and staffing the Task Force were transferred to the Higher Education Services Office (*Laws of Minnesota for 1995*, Chapter 212, Article 3, Section 9).

[6] *Laws of Minnesota for 1995,* Chapter 212, Article 2, Section 14.

Although private and special purpose libraries are part of the library community, this review focuses on the following publicly funded libraries and library support organizations:[7]

Libraries

- Public libraries, including regional public library systems
- Public school library media centers
- Academic libraries of both public and private post-secondary institutions[8]
- Publicly funded special libraries (state government libraries, Minnesota Historical Society, Minnesota Library for the Blind and Physically Handicapped, county law libraries, prison libraries)

Publicly Funded Library Support Organizations

- Multicounty Multitype Library Cooperation Systems
- Office of Library Development and Services
- MINITEX
- MnSCU/PALS

With its focus on funding policies and structures, this report does not evaluate the efficiency of individual libraries or library systems. And while adequacy of library funding is a critical issue, the Task Force does not interpret its charge as recommending specific amounts of funding.

Library Funding Data

Existing data on funding amounts and sources were used for this report, and the level of available information differs greatly among different types of libraries. The largest amount of data is available for public libraries, because the Office of Library Development and Services has responsibility for receiving annual reports from public libraries and for compiling and reporting the data within the state and to the U.S. Department of Education.

Expenditures for building operations and maintenance are reported only by public libraries, and then only by some public library jurisdictions. Academic and school libraries do not include these costs in their reports on library funding. All sources of funding data may ignore some indirect costs and

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[7]Private school libraries and special libraries affiliated with for-profit and non-profit organizations are not included in the data.

[8]Libraries in private colleges and universities are almost entirely funded with private sources, as described in the section on academic libraries. Private college and university libraries, however, as MINITEX contributors and beneficiaries, are integral to the academic library resources available to students in both public and private institutions. Most private institution libraries are active participants in publicly funded multicounty multitype library cooperation systems.

payments or purchases made by other departments or organizations on behalf of the library. For example, certain computer costs for a school, city, or college may be paid from a central budget and not allocated to the budget of the library.

Finally, although basic information on the sources of financing for construction and other capital expenditures is included, data in the report focus on sources of funds for library operations.

Libraries Yesterday, Today, and Tomorrow

Existing funding structures for most libraries are legacies of patterns established in the early years of statehood. At the heart of libraries yesterday and today are strong values about the importance of knowledge and information, freely available and shared for the common good. Those values undergird a record of cooperation that lays a solid foundation for new avenues of working together. At the same time, the tradition of libraries as local responsibilities, reflective of individual communities, sustains a complex network of decision-making structures which must be accommodated in planning among libraries.

Libraries Built on Sharing

By their very nature, publicly-supported libraries exist to share resources. They were founded to hold information for the common good, made affordable through shared ownership. Private libraries had existed for centuries; it was the emergence of modern democracies and educational institutions that led to libraries that would serve whole communities, rather than the wealthy individuals.

Since colonial times, Americans have seen literacy and knowledge as the building blocks to sustain democracy. Libraries were created in schools and colleges to educate children and young people, while public libraries provided lifelong education to community residents of all ages. As democratic ideals took hold, libraries prepared immigrants, women, and persons of color for political and civic participation--a role which continues as America's population continues to change.

> "Knowledge will forever govern ignorance. And a people who mean to be their own governors must arm themselves with the power knowledge gives."
>
> James Madison

In addition to their roles in sustaining civic life, libraries have become links to knowledge about technologies, markets, and business disciplines that enable industrial and economic innovation. University libraries have a particularly significant role in sharing research findings among people working at the frontiers of knowledge and people who translate basic research into applications.

For all of these reasons, communities have believed it is in the public interest to encourage the dissemination and use of information, not just among the well-to-do, but among all community members. Libraries, serving as repositories of information purchased once and then used by many people, are an invention that efficiently meets the need to distribute knowledge.

How Knowledge is Recorded and Transmitted

Minnesota's libraries developed in a world dominated by the printed page. In this century, other forms of recording information--records, microfilm, film and video, for example--became available and were added to library collections. These forms all exist, however, as physical objects that must be touched to be used. Resources had to be made available on-site to the user; local ownership of items containing information, supplemented with interlibrary loans, was essential to library operations.

Rapid expansion in telecommunications and other electronic forms of distributing knowledge have lessened the need for *ownership* of resources as long as *access* can be made available. Cooperation in materials sharing becomes increasingly feasible when materials do not have to be physically moved from place to place. A user in one location does not prohibit users in other locations from also using the same information.

Other changes in the publishing and knowledge industries have placed enormous economic pressures on libraries. The explosion of published information and escalating prices have made even the most generous acquisition budgets inadequate to meet all needs of users locally. Annual inflation in the costs of library materials, especially research journals and scholarly works, is in the range of 12 to 16 percent. As libraries struggle to keep up with information published in traditional forms, they must also

invest in the electronic resources that will enable them to use information being made available through new technologies.

A Community-Based Service

Libraries were started by communities--towns and cities, communities of learners and scholars, and other groups of people sharing common interests. Today's governing and financing structures reflect the notion of libraries as local services, meeting the needs of users in the immediate geographic area and financed with local resources.

In the nineteenth century, most people lived and worked in a small geographic area. They needed services to be available locally. Librarians used their professional skills to build collections and services that they knew would be needed by their patrons, faculty, and students. While interlibrary borrowing has been possible in limited form for many years, libraries and their users expected to meet nearly all needs with locally owned materials. The self-contained nature of many communities also reinforced the values of equal and free access to all community members while restricting access to non-members who had not paid local taxes or tuition.

School, college and public libraries became part of the fabric of their founding communities. The size of collections and sophistication of library services were, and continue to be, largely dependent on resources available at the local level. For communities that valued library services and could afford them, the library became a source of pride, often expressed by a prominent building in a central, prime location. Over time, many libraries developed special collections which create prestige for the library and the community.

While libraries continue to serve local communities, a mobile population is changing expectations about where library services should be available. Starting in the late 1960s, most public libraries became part of regional public library systems which allowed residents to use any public library in their region. Since 1986, Minnesotans have been able to use their local public library card to check out materials from any Minnesota public library, permitting them to use the most convenient library or the library with the

From the Nineteenth to the Twenty-first Centuries: How the Environment for Minnesota Libraries Is Changing

The Environment that Shaped Library Services in the Past	The New Environment
♦ Users lived, worked, and identified with self-contained communities that created library services for their needs	♦ Users are mobile, visiting the most convenient library
♦ Expectations for government and other public services were limited	♦ Library users expect the same high levels of choice, convenience and service from government that they get from commercial services
♦ Libraries were one of relatively few core services provided by cities and educational institutions	♦ Libraries compete for resources with burgeoning old and new societal needs
♦ Information was usually distributed in books and other print materials; users had to have possession of materials in order to use the information they contain	♦ Some materials are available electronically as well as in "hard copy;" users can access information that has been made available in these formats from across town and across the world
♦ Individual libraries could purchase an acceptable proportion of materials needed by their patrons	♦ The explosion in development and publication of new knowledge make it impossible for any library to buy all new materials needed
♦ Library infrastructures were relatively straightforward--a building, shelves and professional staff	♦ Libraries require sophisticated, expensive interconnecting automation systems and professional expertise in specialized areas of librarianship

most useful collection. In higher education, growing enrollments of commuting, older students use public libraries and libraries of other colleges rather than their campus library. Off-campus classes and emerging technological forms of distance education add to this trend. Changing public needs and increased cooperation among libraries have weakened the ties between place of residence and the place where library services are obtained.

Library Missions

The libraries of today remain anchored and sustained by the vision and needs of local communities. For some libraries, the local community is a geographic region, for some a group of people who share specialized interests and information needs, and for others a building or campus. Different types of libraries serve different users and distinct roles, just as hardware and drug stores serve different purposes although both are part of the retail industry.

Public Libraries

The mission of the public library is to assure that all persons can easily obtain, without charge, the cultural, recreational, and factual resources they need to improve or enrich their lives. The public library provides opportunity and encouragement for children, young adults, and adults to educate themselves continuously. The public library provides a place where individuals may encounter the rich diversity of concepts essential to a democratic society.

Academic Libraries

The mission of academic libraries is to acquire, organize, produce and distribute resources for instructional, curricular, research, and community use. The service component of the academic library teaches and provides support to enable learners to access, analyze, create and communicate all formats of instruction and technology.

Those academic libraries whose mission includes support for advanced research have, in addition, responsibilities for preserving their collections, developing relationships with research libraries around the world, and becoming active participants in the processes of scholarly communication.

School Library Media Centers

The mission of school library media centers is to implement the curriculum and instructional program of the school. This is done by providing students with learning experiences which give them the opportunity to acquire the knowledge, skills, and confidence to become independent learners, by working with educators to design learning strategies to meet the needs of every student, and by providing intellectual and physical access to age and developmentally appropriate resources in both print and electronic formats.

Special Libraries

Other types of organizations maintaining libraries for their own purposes include corporations, government agencies, hospitals, law offices, prisons, churches, professional societies, museums and nonprofit groups. Special libraries usually exist to meet the immediate information needs of their parent organizations. When privately sponsored, these libraries tend to have very specialized collections and to limit access by the general public.

Sources of Funding for Library Operations

This overview summarizes available information on funding sources for operational expenditures for the following types of libraries and library organizations:

- Public libraries
- Academic libraries in both public and private colleges and universities
- Public school library media centers
- County law libraries
- State agency and other libraries associated with units of state government
- Separate public organizations supporting library cooperation

In addition to these libraries, Minnesota has large number of special purpose, generally private, libraries supported with non-public revenue sources. Funding data for these libraries and libraries in nonpublic schools are not included in this report.

Notes on Reported Information About Funding Sources

Standard reports from Minnesota libraries for Fiscal Year 1994, the most recent year available, were used to develop most of the information in this report. All data in this section are for sources of funds for operating expenditures and do not include funding for construction and other capital expenditures. Reporting structures do not fully capture expenses paid by other departments or budgets. Because different types of libraries have different reporting practices, dollar amounts are not necessarily comparable and conclusions about relative funding levels must be drawn with caution.

Public Libraries: Data are receipts reported to the Office of Library Development and Services to support staffing, materials and other operating expenditures. Unlike other libraries in this report, public libraries may include costs of building operations, maintenance or rent in their funding reports. These expenses account for approximately $6.1 million, or 6 percent of reported expenditures statewide.

Academic Libraries: Data on expenditures for staffing, materials, resource sharing, equipment and other operating costs are reported to the U.S. Department of Education every two years. These reports are usually completed by the campus library staff and may differ from system accounting data. Staff fringe benefits are included only if these costs are paid from the library budget. Facilities costs are not reported and therefore not included in data in this section. Because the federal reporting system does not identify funding by source, sources were inferred from sources of general institutional funding.

School Library Media Centers: Data are from district expenditure reports to the Department of Children, Families, and Learning. Costs of educational media, not typically part of academic library services, are reported under the same category as traditional library activities. District facilities costs are reported under a separate program category and not included with expenditures for school library media centers.

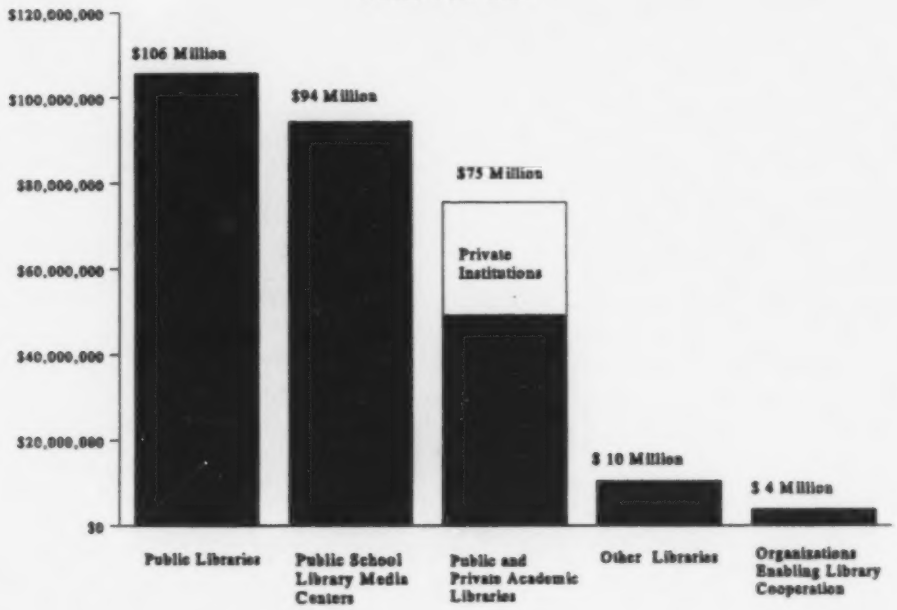
Other Libraries and Library Cooperation: Sources of funding for staffing and other direct costs of these organizations were identified by special request. Facilities and indirect costs are not included.

Reported Funding for Operating Expenditures by Type of Library

Libraries reported approximately $290 million in funding from all sources for operating expenditures in 1994.[9]

Reported Funding for Library Services by Type of Library

Fiscal Year 1994



Note: Total reported funding equals $290 million (rounded total).

Among library types, public libraries in 360 locations accounted for the largest block, $106 million of reported funding for operations. Library media centers in nearly 1,440 public elementary and secondary schools accounted for $94 million. Seventy-five academic libraries in public post-secondary institutions reported $49 million, and 41 academic libraries in private colleges and universities reported an additional $26 million. Direct expenditures on other publicly supported libraries--libraries associated with state government, county law libraries, and prisons were estimated at $10 million. The state

[9] See box on page 11 for description of funding data reported by different types of libraries.

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invested approximately one percent of its reported funding for library operations in separate organizations that promote library cooperation or provide statewide leadership.

Sources of Library Funding

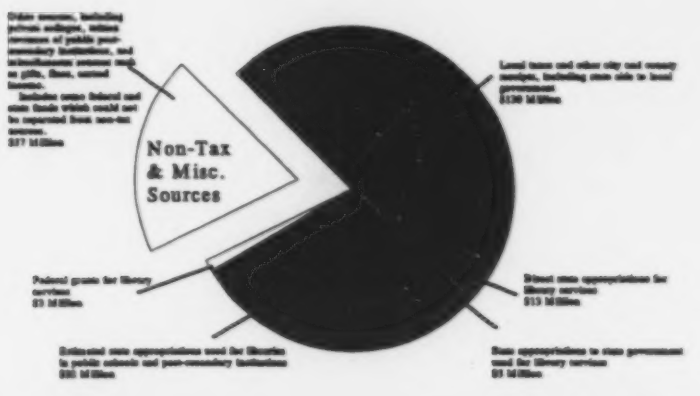
Each type of library has a different method of funding. Subsequent chapters in this report detail funding for public libraries, academic libraries, public school library media centers, other publicly supported libraries and library cooperation and statewide services. The presentation below summarizes sources of funding for all of these libraries.

Minnesota Libraries

Type of Library	Main Population Served	Number of Libraries
Public Libraries	4.6 million Minnesota residents	360
Public School Library Media Centers	800,000 students, 50,000 teachers and administrators	1,440
Academic Libraries	234,000 students, over 14,000 faculty	116
Other Libraries	N/A	118

The largest sources for direct expenditures on Minnesota libraries are: local governments, state appropriations for public educational institutions, and tuition paid by public and private post-secondary students.

Reported Sources of Estimated Funding for Library Operations
Fiscal Year 1994



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Sources of Reported Library Funding for Operations by Type of Library
Fiscal Year 1994

(Dollars in Thousands)

Funding Source	Public Libraries	Academic Libraries	Public School Libraries	Other Libraries	Library Cooperation	Total
Local Government Funds Used for Libraries	$91,724		$35,472	$3,244		$130,440
State Appropriations to Public Education Used for Libraries		$27,942	$54,056			$81,998
Other Revenue Sources	$5,348	$47,470	$3,812	$116	$23	$56,769
Direct State Appropriations for Library Services	$7,276			$2,571	$2,985	$12,832
State Appropriations to State Government Used for Libraries				$4,230	$451	$4,681
Federal Support for Library Services	$1,310		$929	$234	$395	$2,868
Total	**$105,658**	**$75,412**	**$94,269**	**$10,395**	**$3,854**	**$289,588**

Note: See box on page 11 for description of funding data reported by different types of libraries.

Local Units of Government

The largest source of library funding in Minnesota, accounting for 45 percent of reported operating funds from all sources, is local taxes and other revenues of cities and counties, the primary funding agencies for public libraries and county law libraries. Local taxes and receipts account for 87 percent of public library receipts and 38 percent of public school library media center expenditures. County law libraries are funded through fees and fines imposed by civil and criminal courts.

Local Government Funds Used for Library Operations
Fiscal Year 1994

(Dollars in Thousands)

	Public Libraries	Academic Libraries	Public School Libraries	Other Libraries	Library Cooperation	Total
Local Library Fund/other city and county receipts	$91,724					$91,724
Local school taxes, interest income and miscellaneous local sources			$35,472			$35,472
Court Fees and Fines (County Law Libraries)				$3,244		$3,244
Total	**$91,724**	**$0**	**$35,472**	**$3,244**	**$0**	**$130,440**

Note: Local funding reported for public libraries are reported receipts and include state aids to local government to the extent that cities and counties elect to use general revenues to supplement the Library Fund. Local taxes used for school library media centers are estimated based on the proportions of the general and capital funds supported by local tax revenues. Expenditures of county law libraries were last estimated in 1992. See box on page 11 for description of funding data reported by different types of libraries.

State Appropriations to Public Education Used for Libraries

State appropriations for public schools, colleges, and universities accounted for 28 percent of reported funding for library operations. No state appropriations are made directly to these libraries; libraries are funded along with other operating expenditures.

State Appropriations to Public Education Used for Library Operations
Fiscal Year 1994

(Dollars in Thousands)

	Legislative Process	Public Libraries	Academic Libraries	Public School Libraries	Other Libraries	Library Cooperation	Total
School library media centers	K-12			$54,056			$54,056
Academic libraries in public institutions	Higher Education		$27,942				$27,942
Total		**$0**	**$27,942**	**$54,056**	**$0**	**$0**	**$81,998**

Note: State appropriations appearing on this table were not specifically appropriated for library services. State appropriations for public academic libraries are estimated based on systemwide proportions of general institutional expenditures financed through state appropriations. State appropriations used for school library media centers are estimated based on the proportions of the general and capital funds supported by state appropriations. See box on page 11 for description of funding data reported by different types of libraries.

Other Revenue Sources

Approximately $57 million in library funding, 20 percent of reported funding from all sources, came from miscellaneous sources, generally private funds and other non-tax sources. The largest source within this category is private college and university investments in their campus libraries. Private college library expenditures were $26 million, funded through primarily through tuition revenues supplemented with endowment and miscellaneous institution income.

The second largest other source is an estimated $15 million in public post-secondary tuition revenues. Tuition revenues are combined with state appropriations and other institutional revenues and allocated by campuses to fund the public academic libraries.

Other (Non-Tax) Revenue Sources Used for Library Operations
Fiscal Year 1994

(Dollars in Thousands)

	Public Libraries	Academic Libraries	Public School Libraries	Other Libraries	Library Coopera-tion	Total
Private colleges and universities (tuition and other revenues)		$26,214				$26,214
Estimated public post-secondary tuition revenues		$14,794				$14,794
Miscellaneous sources	$5,348	$6,462	$3,812	$116	$23	$15,761
Total	**$5,348**	**$47,470**	**$3,812**	**$116**	**$23**	**$56,769**

Note: See box on page 11 for description of funding data reported by different types of libraries. Funding for private colleges and universities are their total reported expenditures on libraries. Tuition and fee revenues used for public academic libraries are estimated based on system proportions of general institution expenses paid with tuition revenues. Non-tuition revenue sources are reported under miscellaneous income for the University of Minnesota-Twin Cities Libraries, but not for other public post-secondary institutions. Small amounts of locally generated sources (copying fees, library endowments, gifts, sales, etc) for University of Minnesota coordinate campus libraries, MnSCU campus libraries and most "other" libraries could not be separately identified from their major sources of funding. Other sources for school library media centers have been estimated based on the proportion of total general and capital fund expenditures supported with non-designated federal sources, sales, bonding and other sources. MINITEX and PALS receipts from pass-through payments and contracted services to libraries outside Minnesota are not reported in this table.

Direct State Appropriations for Library Services

Less than 5 percent of reported funding for library operations, $ 12.8 million, is direct line-itemed state appropriations for library services. The major forms of direct state support are distributions of grants to regional public library systems. Direct appropriations also fund MINITEX services to public and private academic libraries, multicounty multitype library cooperation systems, the Legislative Reference Service, the State Law Library, and PALS access for state government libraries.

The 1995 Minnesota legislature increased direct appropriations to regional libraries by creating two new programs for telecommunications support: Regional Library Telecommunications Aid and Regional Library Telecommunications Grants (not included with Fiscal Year 1994 information below).

Direct State Appropriations for Library Services
Fiscal Year 1994

(Dollars in Thousands)

	Legislative Process	Public Libraries	Academic Libraries	Public School Libraries	Other Libraries	Library Cooperation	Total
Regional System Support Grants, Other State Grants	K-12	$7,276				$395	$7,671
Multicounty Multitype Library Systems	K-12					$527	$527
MINITEX	Higher Education					$2,063	$2,063
State Law Library, Legislative Reference Library	Varies				$2,571		$2,571
Total		**$7,276**	**$0**	**$0**	**$2,571**	**$2,985**	**$12,832**

Note: In addition to funding regional public library systems, Regional System Support Grants, a line item appropriation to the Department of Children Families and Learning, is used for payments to the St. Paul Public Library (PLANET) and MINITEX for interlibrary loan and reference services to public libraries. See box on page 11 for description of funding data reported by different types of libraries.

State Appropriations to State Agencies and Other Units of State Government

State agency and other governmental unit expenditures on libraries and library leadership accounted for $ 4.7 million in fiscal year 1994. With the exceptions of Legislative Reference Library and the State Law Library (included under direct state appropriations), state government libraries do not receive direct appropriations, and funding levels are determined by individual agencies from their regular appropriations. Other state agency expenditures include Minnesota Library for the Blind and Physically Handicapped and the Office of Library Development and Services, both funded through the Department of Children, Families, and Learning. State appropriations to the Department of Corrections and the Minnesota Historical Society used for library operations are also included below.

State Appropriations to State Government Used for Library Operations
Fiscal Year 1994

(Dollars in Thousands)

	Legislative Process	Public Libraries	Academic Libraries	Public School Libraries	Other Libraries	Library Coordination	Total
State Government Libraries	Varies				$4,230		$4,230
Office of Library Development and Services	K-12					$451	$451
Total		**$0**	**$0**	**$0**	**$4,230**	**$451**	**$4,681**

Note: See box on page 11 for description of funding reported by different types of libraries.

Federal Support for Library Services

Minnesota receives approximately $1.7 million in federal funding for public library services and for cooperation among different types of libraries. Federal funds are distributed to regional public library systems and to multicounty multi type library cooperation systems. An additional federal program (not included below) is available to the state for construction and remodeling grants to public libraries.

Schools are allowed to use a federal block grants funds for library materials and other school improvement efforts which may involve school library media centers.

Federal Funding for Library Services
Fiscal Year 1994

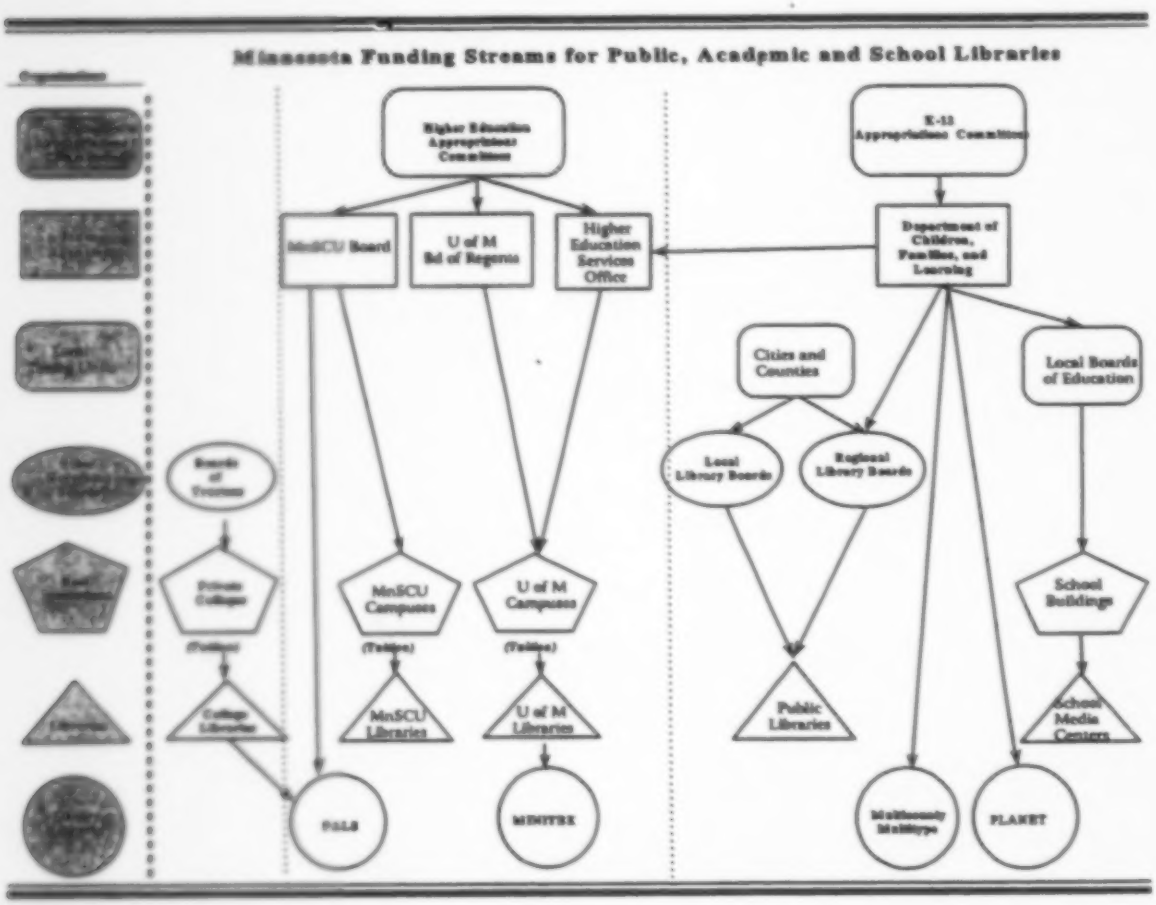
(Dollars in Thousands)

	Public Libraries	Academic Libraries	Public School Libraries	Other Libraries	Library Coopera-tion	Total
Library Services and Construction Act, other federal receipts	$1,310			$19	$395	$1,724
Library materials purchased with Elementary and Secondary Education Act funds			$929			$929
Other federal funding reported by state government libraries				$215		$215
Total	**$1,310**	**See Note**	**$929**	**$234**	**$395**	**$2,868**

Note: Amounts listed in this table are for designated federal funds that could be identified apart from general funding of schools, colleges and state agencies. Some federal funds are also included under Other Revenue Sources. For example, indirect cost recovery funds which help to support library acquisitions at the University of Minnesota Libraries are largely derived from federal research grants. Federal funding for schools also is part of the General and Capital Equipment Funds which are used to fund school library media centers. See box on page 11 For description of funding data reported by different types of libraries.

Funding Decision-Making Structures

Library funding decisions involve state government, cities and counties, post-secondary systems and institutions, school boards and school administrations, and local and regional library boards. Each type of library has its own funding structure.



Public Libraries

Most public library funding comes from cities and counties that use property taxes and other local funds, including state aids to local governments, to operate libraries. City and county taxes for libraries are managed by local library boards or, in consolidated regional systems, by regional library boards. In federated regional systems, local library boards retain authority over their libraries.

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Direct state appropriations for public library services are made by the governor and K-12 legislative committees to the Office of Library Development and Services in the Department of Children, Families, and Learning where they are granted to twelve regional library systems. The Office of Library Development and Services uses part of the state appropriation for interlibrary loan and reference services to public libraries under contracts with the Higher Education Services Office (services through MINITEX) and the St. Paul Public Library (services through PLANET). The Office of Library Development also distributes federal funding for library services to regional and multitype library systems.

Academic Libraries in Public Post-Secondary Institutions

State appropriations for public post-secondary systems are made by the governor and higher education legislative committees. The University of Minnesota and MnSCU governing boards allocate funding for individual campuses from their state appropriations, tuition revenues, and other funds. Budgets for campus libraries are determined at the campus level.

The exceptions to campus-based decisions on library funding are MnSCU/PALS, the on-line library automation system used in MnSCU institutions and state agencies, and MINITEX services. MnSCU/PALS services to MnSCU institutions are funded at the system level. A separate state appropriation to the Higher Education Services Office funds MINITEX services to public and private post-secondary institutions and state agencies.

Academic Libraries in Private Post-Secondary Institutions

In private institutions, library funding decisions are made by college governing boards and administrations. Private institutions that use the MnSCU/PALS library automation system pay for these services directly.

Public School Library Media Centers

State appropriations to local school districts and state schools are made by the governor and K-12 legislative funding committees. Local districts fund their schools with state appropriations, local school

taxes, federal funding for education, and other sources. Budgets for school library media centers are established by district administrations or at the building level. With the increase in site management and other decentralized decision-making structures for education, school library media decisions are increasing made by principals, teachers, and others at individual schools.

Other Publicly Funded Libraries

Most state government library budgets are determined at the agency or department level and funded through general agency appropriations. The Legislative Reference Library and the State Law Library are the only libraries in the state that receive designated (line-itemed) state appropriations. A direct state appropriation supports access by state government libraries to MnSCU/PALS.

The budget for staffing and other direct costs for the Minnesota Library for the Blind and Physically Handicapped is determined by the Department of Children, Families and Learning. The Minnesota Historical Society budgets for its Research Center using state appropriations and other Society income. County law libraries are directed by boards named by county and local judicial organizations.

Public Libraries

Public libraries originally were created to provide free access to a shared collection of books, magazines and newspapers for citizens of local communities. Although virtually all public libraries are included in regional and state networks with other libraries, their funding and governance reflect local origins. In 1994, reported funding for operation of public libraries was $106 million.

Public Library Overview

The town of Stillwater established the first public library in Minnesota in 1859. In 1879, the Minnesota Legislature passed legislation enabling cities to tax themselves for public libraries. State government first became directly involved in library services in 1899 with the establishment of the Public Library Commission; in 1919 it became a unit in the Department of Education--today the Office of Library Development and Services in the Department of Children, Families and Learning.

Over the years, library services have been expanded to cover all areas of the state. By 1957, the year state aid for public library services started, 74 percent of the state's population lived in public library service areas. Today all residents have free local public library services, and all but .5 percent have access to resources statewide through cooperation with other libraries.

Encouraged by federal and state incentives, consolidation and regionalization have reduced the number of separately governed libraries. Currently, 132 administrative units operate 360 public library buildings. Over seventy percent of public library buildings are in multi-site library systems. Minnesota has one of the most highly consolidated public library organizational and governance structures among the states.

Public Libraries in Minnesota

30 libraries have multiple sites:
- 20 main libraries of multi-site systems
- 238 branch libraries in multi-site systems

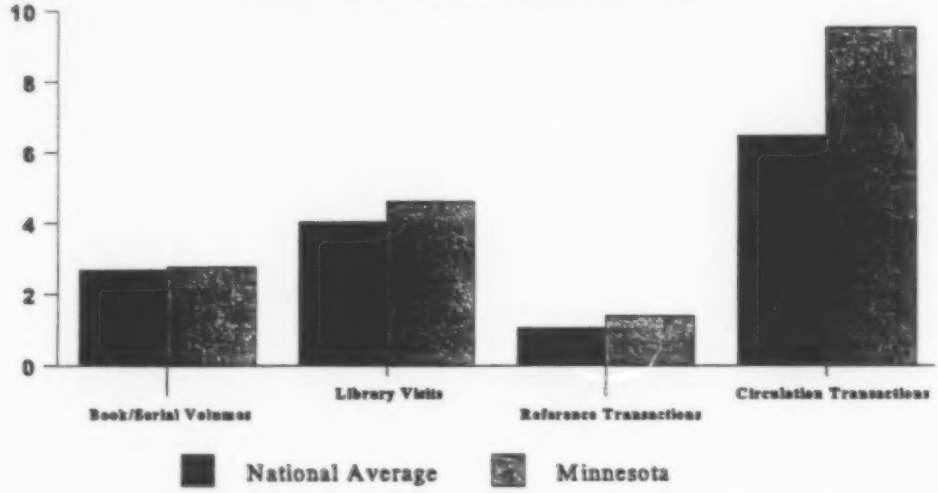
102 libraries have a single location

Public libraries hold 16.9 million items and have an annual circulation of over 42 million. They employ over 2,200 people, including 434 professional librarians. Library programs such as story hours, lectures and book discussion groups serve 930,000 Minnesotans each year.

Minnesota ranks 25 of the 50 states in terms of the number of book and serial volumes per capita, but the state ranks 5th in terms of the per capita number of circulation transactions and 4th in terms of the number of per capita reference transactions.[10] The number of library visits per capita is also above average.

Per Capita Number of Volumes and Library Usage

National Average and Minnesota Statewide



Source: *Public Libraries in the United States, FY 1993: Selected Data and Rankings, by State*, U. S. Department of Education, National Center for Education Statistics

[10] *Public Libraries in the United States, FY 1993: Selected Data and Rankings, by State*, U.S. Department of Education, National Center for Education Statistics.

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Regional Library Systems

All but 10 Minnesota public libraries are members of regional systems that enable resource sharing within all libraries in the region. Regional systems receive federal and state funds for public library services.

The drive for regionalization and countywide library services accelerated following the first federal library funding in 1956, which was targeted to larger administrative units serving rural areas. Regional library systems are one of the first instances of regional governance in Minnesota, now used to organize other public services. The first regional system was organized in 1959, by 1978, there were 13 regions, now consolidated into 12 regions that cover the entire state.

At the option of cities and counties, regional library systems are organized as either consolidated multi-branch libraries or as federated associations of independent libraries:

Consolidated Public Library Systems were created in areas of the state that previously did not have well-developed local libraries. Cities and counties that are in consolidated regions pool their taxes for libraries and all library buildings operate as branches of the consolidated system. The system administration is responsible for all library services in the region and for coordination among branches. The consolidated systems are: East Central, Great River, Kitchigami, Lake Agassiz, Northwest, and Pioneerland.

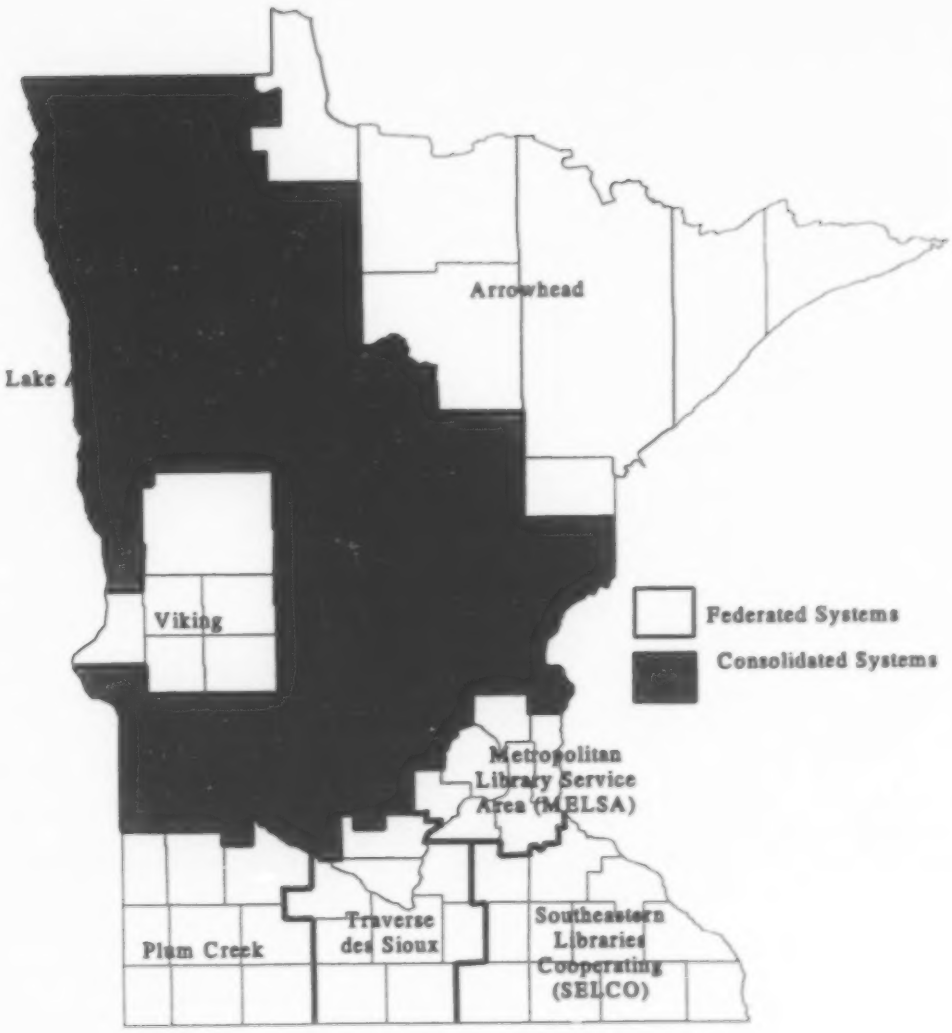
Regional Library Systems

Public Services to Library Patrons from a Branch Library/Member Library
Reference information
Check-out of materials
Interlibrary loans

Administrative Services to Branch/Member Libraries
Centralized cataloging
Centralized borrower registration
Interlibrary loans
Shared on-line computer systems

Federated Public Library Systems developed in regions that had better-established city and county libraries. In the federated systems, city and county libraries continue to operate under their individual library boards. In three of the federated systems (MELSA, Traverse des Sioux, and Plum Creek), the system provides no direct services for library patrons; all services are to member libraries to increase their efficiency and effectiveness. In the other three systems (Arrowhead, Viking, and SELCO) the regional system provides a combination of services to member libraries and direct library services to the region.

Regional Library Systems



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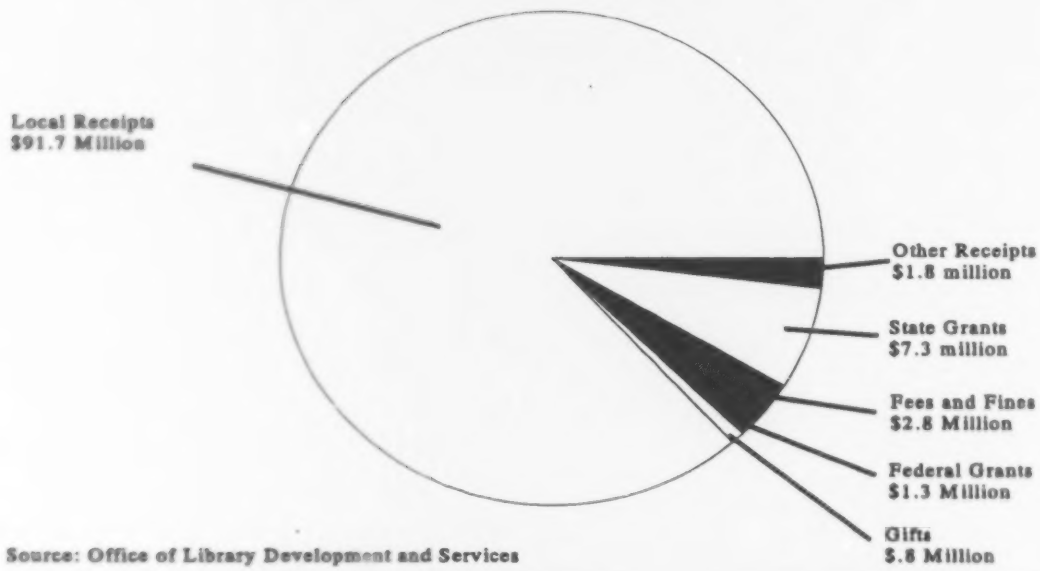
Reported Public Library Funding from All Sources

Reported revenues of Minnesota public libraries were $105.6 million in Fiscal Year 1994. Local governments funded 87 percent of this amount and direct state funding added another 7 percent. The shares of support have changed very little in recent years--they were virtually identical in 1977.

Sources of Public Library Revenue

Fiscal Year 1994



Source: Office of Library Development and Services

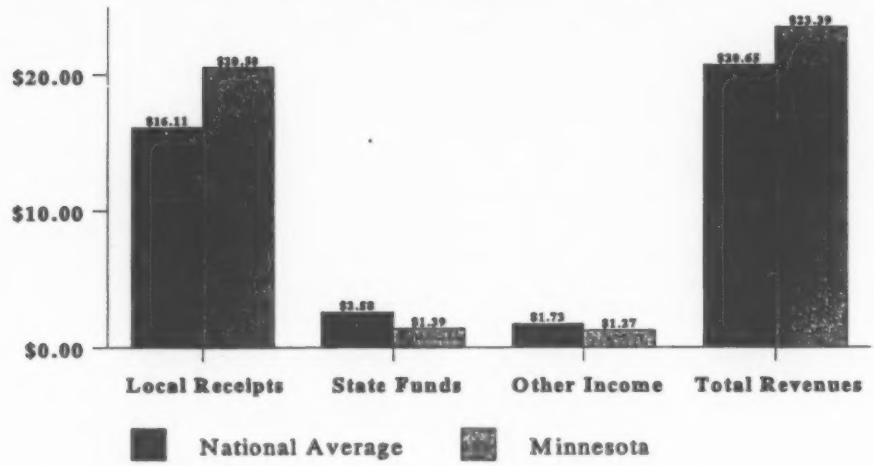
Minnesota's reliance on local government financing is typical among the states. In 1991, Minnesota ranked 18 of the 50 states in terms of the percentage of public library expenditures supported with local receipts. In thirty-seven states, between 75 and 95 percent of public library costs are paid with local funds. Major exceptions are Hawaii, which has one state-funded public library for the entire state, and Ohio, which supports 76 percent of library costs with state funds.[11]

[11] *Public Libraries in the United States: 1991*, U.S. Department of Education, National Center for Education Statistics, NCES 93-297.

Minnesota's public library revenue per capita ranks 12th among the 50 states, due to higher than average local receipts per capita used to support libraries (local income per capita also ranked 12th in 1993). State funding per capita was below the national average (although ranked 16th among the states); other income per capita ranked 27th among the states.

Sources of Revenue Per Capita

National Average and Minnesota Statewide



Source: *Public Libraries in the United States, FY 1993: Selected Data and Rankings, by State*, U. S. Department of Education, National Center for Education Statistics.

Local Funding for Public Libraries

For fiscal year 1994, public libraries received $91.7 million in local revenues. Locally allocated funds for libraries include property taxes, homestead credit payments, state aid to counties and cities, and other general purpose local revenues.

City and County Taxes for Libraries

Most locally allocated revenues are derived from designated property taxes levied by cities and counties to support the Library Fund. Except for the city of Minneapolis, the authority to levy taxes and allocate other local funds for libraries rests with the city council or county board. Control over

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expenditures from the library fund is generally the responsibility of a Library Board appointed by the mayor or county board of commissioners.[12] In setting library budgets, the Library Board generally evaluates its fiscal needs and negotiates with the city council or county board to arrive at the amount of support. County library levies cannot include property in cities that have a city tax for libraries.

All but 10 city libraries are members of regional library systems that receive state funds for public libraries. Beginning in 1990, counties were required to join a regional system. Participation in the regional system obligates local units of government to sustain support for libraries:

> **Minimum Levels of Support.** Participating cities and counties must raise an amount equivalent to .82 percent of their adjusted net tax capacity or $7.72 per capita, whichever is less.
>
> **Maintenance of Effort.** Participating cities and counties cannot lower their operating support below the level of the previous year. An exception is allowed only if the adjusted net tax capacity declines and the reduction in support is proportional to the loss in tax capacity.

Within these requirements, there is wide variation in local support for libraries. Local support ranges from $3.34 per capita to $70.99 per capita (average $20.31). Some of this variation reflects differences in local priorities and the results of negotiated agreements among participants in the regional systems; the percent of local tax capacity used for public library support ranges from .58 percent to 48.4 percent (average 2.72 percent). But differences in per capita support also reflect differences in the property tax base of different jurisdictions. Many counties which tax at moderate or high rates cannot generate significant funding for libraries because of their low tax capacities.

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[12]In some charter cities, the library is a department of the city and expenditures are controlled by the City Council. In Minneapolis, the library board is elected and has authority to levy taxes for the library.

Local Support for Regional Library Systems

Each of the twelve regional public library systems is governed by a board established according to an agreement among participating cities and counties. The budgets for the regional library systems are also determined through individual agreements. In the consolidated systems, the proceeds of city and county library levies are turned over to the regional library board to provide library services to the region. In the federated systems, members may agree to allocate part of their library levies to fund joint library services. Three of the federated systems (Arrowhead, SELCO, and Viking) receive some county funds to provide services; the other three federated systems rely solely on state and federal funds for system-level activities.

Number of Parties to Regional Public Library System Agreements

	Cities	Counties	Total
Federated Systems:			
Arrowhead	29	7	36
MELSA	2	7	9
Plum Creek	17	9	26
SELCO	30	11	41
Traverse d.Sioux	14	9	23
Viking	11	6	17
Consolidated Systems:			
East Central	0	6	6
Great River	1	6	7
Kitchigami	9	5	14
Lake Agassiz	5	7	12
Northwest	5	1	6
Pioneerland	17	9	26

Funding, service and cooperation agreements in the regional systems can be idiosyncratic and complex, reflecting the changing needs, interests, and priorities of multiple political entities. Agreements tend to be renegotiated every several years. Common elements to compute the financial obligation of each city or county include tax capacity, number of residents, and costs of services available to different locations within the region.

Regional Library Districts: An Alternative Governance Structure

In 1993, the Minnesota Legislature authorized the establishment of regional library districts with their own taxing authority as an alternative to agreements among independent city and county taxing units.[13] Arguments for the alternative structure included:

- The time and energy needed to work with the budget processes of multiple cities and counties
- Great variation in the amount of funding provided by different parties to the regional library systems
- Year to year fluctuations in funding levels depending on decisions by local taxing units
- Contention that library services are not an appropriate county responsibility

The legislation allows regional library districts to be formed in the areas now served by the Great River and East Central Regional Library Systems. The approval of a majority of city councils and county boards of commission or a public referendum is needed to replace the regional system with a regional district under a new appointed or elected board (depending on how the district is authorized). The district board would determine a uniform rate to apply to all taxable property, replacing individual city and county taxes for libraries. Regional library districts would be eligible to receive state and federal aids for libraries now provided to the regional systems.

Although the legislation was crafted to initiate voluntary districts in two regions that were most interested in regional taxation for libraries, neither has proceeded to create districts since the participating city and county governments have not agreed.

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[13] *Minn. Stat.* 134.201.

State Funding for Public Libraries

State funding for the operation of public libraries approximated $7.3 million in Fiscal Year 1994, 7 percent of public library receipts.[14] State funds also supported statewide interlibrary loan and reference back-up services on behalf of all public libraries. In addition, public libraries benefit from state and federal expenditures for library leadership and coordination with other types of libraries; these activities are further described in the section on Library Cooperation and Statewide Services.

Allocation of Regional Basic Support System Grants

Contracts with St. Paul Public Library (PLANET) and Higher Education Services Office (MINITEX) for public library interlibrary loan requests to academic libraries and other public libraries and for back-up reference services:
$662,623 (Fiscal Year 1995)

Remainder ($7,156,377 in Fiscal Year 1995) distributed by formula to twelve regional library systems:
- 57.5% per capita in region
- 25.0% equalization factor for regions with low property valuations
- 12.5% per square mile of area
- 5.0% equally divided among regions

From 1957 until fiscal year 1996, virtually all direct state support for public libraries was directed to the regional public library systems through a single program, the Regional Basic Support System Grants. Regional Basic Support System Grants are distributed by formula to the regional public library systems.

Smaller grant programs have promoted particular state initiatives and tended to change from year to year. The 1995 Legislature increased potential funding to the regional systems for development of telecommunications capacity under two new programs: Regional Library Telecommunications Grants and Regional Library Telecommunications Aid.

[14]Libraries report revenues as they are received during a calendar year. Their reported receipts therefore are not identical with state appropriations which are made on a fiscal year basis.

STATE FUNDING SOURCES FOR PUBLIC LIBRARY OPERATIONS

Name/ Statute and Date	Purpose	How Funds are Allocated	Appropriations	
			FY 1996	FY 1997
Regional Basic Support System Grants *Minn. Stat.* 134.32 - 134.35 (1957)	To strengthen, support and improve public library services through regional cooperation and consolidation	Funds are appropriated to the Department of Children, Families and Learning and managed by the Office of Library Development and Services. State funds are combined with federal Title I funds and allocated by formula to the 12 regional systems. The basic formula was adopted in 1977 and last modified in 1991. State fund allocations for Fiscal Year 1995 were: Arrowhead $ 840,342 East Central 371,876 Great River 678,690 Kitchigami 322,126 Lake Agassi 340,103 MELSA 2,314,309 Northwest 191,831 Pioneerland 348,171 Plum Creek 224,285 SELCO 850,524 Traverse des Sioux 422,773 Viking 251,347 In addition to grants to the regional systems, the Office of Library Development and Services uses this appropriation to contract with the St. Paul Public Library (PLANET) and the Higher Education Services Office (MINITEX) for interlibary loan and back-up reference services for all public libraries.	$7,819,000	$7,819,000

STATE FUNDING SOURCES FOR PUBLIC LIBRARY OPERATIONS

NAME/ STATUTE AND DATE	PURPOSE	HOW FUNDS ARE ALLOCATED	APPROPRIATIONS	
			FY 1996	FY 1997
REGIONAL LIBRARY TELECOMMUNICATIONS GRANTS *Minn. Stat.* 124C.74 (1995)	To connect schools and regional library systems to the statewide telecommunications network.	Funds are appropriated to the Department of Children, Families and Learning. The Education Telecommunications Council will establish guidelines and award grants to school districts and to regional library systems out of the total appropriation. Regional library systems must match their grant with local funds equal to .1 percent the adjusted net tax capacity for each participating city or county in the preceding year. Regional library systems must show that they are building connections under a formal agreement with schools, higher education institutions and other public libraries. Schools have a similar requirement to use grant funds to link with higher education and libraries.	$5,500,000	$5,000,000

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STATE FUNDING SOURCES FOR PUBLIC LIBRARY OPERATIONS

NAME/ STATUTE AND DATE	PURPOSE	HOW FUNDS ARE ALLOCATED	APPROPRIATIONS	
			FY 1996	FY 1997
REGIONAL LIBRARY TELECOMMUNICATIONS AID *Minn. Stat.* 136.46 (1995)	To support data access through the regional library systems, including Internet access for the public and library staff. Funds may be used for data access connections, equipment, technical support and public awareness.	Funds are appropriated to the Department of Children, Families and Learning. The appropriation is distributed by formula upon application by the regional library systems. Depending on available funds, the maximum amount of the aid is equal to $1.00 per capita in participating areas minus .1 of the adjusted net tax capacity of those areas. The regional library must match the state aid with local funds equal to .1 of the adjusted net tax capacity of participating areas. This revenue can also be used to match an award of a Regional Library Telecommunications Grant.	$800,000 appropriated in Fiscal Year 1996 with the ability to carry over funds to Fiscal Year 1997	
LIBRARY PARTICIPATION IN FAMILY SERVICE COLLABORATIVES *Laws of Minnesota for 1994*, Chapter 647, Article 4, Section 41.	To provide library services in support of family service collaboratives.	Funds are appropriated to the Department of Children, Families and Learning for competitive awards to public agencies joined together in coordinating services to children and families. In 1994, the Legislature amended the original appropriation to set aside funds for children's library programs that support the local cooperative. Libraries must involve their regional library system and their multitype library system in planning and evaluation.	$150,000	$150,000

STATE FUNDING SOURCES FOR PUBLIC LIBRARY OPERATIONS

NAME/ STATUTE AND DATE	PURPOSE	HOW FUNDS ARE ALLOCATED	APPROPRIATIONS	
			FY 1996	FY 1997
CHILDREN'S LIBRARY SERVICES GRANTS *Laws of Minnesota for 1994*, Chapter 647, Article 10, Section 3.	To support library programs that strengthen services to children and families in collaboration with public and private community organizations.	Funds are appropriated to the Department of Children, Families and Learning and managed by the Office of Library Development and Services. Grants are awarded competitively to public libraries after evaluation of requests by an advisory committee. Applicants must collaborate with at least one other community organization serving children or families. Grants for Fiscal Year 1995, the first year awards were made, went to: Cloquet Public Library for an after-school homework assistance center ($10,000) Lake Agassiz Regional Library-Moorhead to introduce library services to Hispanic and other minority populations ($9,560) Minneapolis Public Library for parent-child workshops on reading for Hispanic families ($9,435) Nobles County Library for library services for non-English speaking pre-school children ($5,236) Pioneerland Library System-Litchfield for story times and books at WIC clinics ($5,000) St. Paul Public Library for teaching library	$50,000	$50,000

STATE FUNDING SOURCES FOR PUBLIC LIBRARY OPERATIONS

NAME/ STATUTE AND DATE	PURPOSE	HOW FUNDS ARE ALLOCATED	APPROPRIATIONS	
			FY 1996	FY 1997
LIBRARIANS OF COLOR *Minn. Stat.* 134.155 (1994)	To recruit and train librarians of color.	Funds are appropriated to the Department of Children, Families and Learning and managed by the Office of Library Development and Services. Competitive grants may be awarded to public libraries serving growing numbers of minority residents. Libraries recruit participants and use grant funds to reimburse their direct educational costs. Participants must demonstrate financial need and work in the library following completion of their professional education. Grants for Fiscal Year 1995, the first year awards were made, went to: Hennepin County Library ($20,000) Pioneerland Library System ($20,478)	$55,000	$55,000
TOTAL STATE APPROPRIATIONS			**$14,374,000**	**$13,074,000**

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Federal Funding for Public Library Operations

In 1994, public libraries reported federal receipts of $1.3 million, 1.2 percent of reported operating revenues. State allocations of federal funds for public libraries are administered by the Department of Children, Families, and Learning, Office of Library Development and Services. Several smaller programs are awarded competitively to libraries applying directly to federal agencies, and Minnesota libraries occasionally receive these grants.

Federal funding for public libraries began in 1956 with legislation for state library agencies to expand library services in rural areas. This legislation encouraged library consolidation by requiring at least 20,000 residents in units eligible for federal subsidy. In 1964, urban areas became eligible for federal funds, and construction grants were authorized. Over the years, additional sections of the federal legislation have targeted funding for different areas of need, including the elderly, persons with disabilities, low income and non-native English speakers.

Distribution of Minnesota Title I Funds for Libraries, Fiscal Year 1995

Library services to areas where services are inadequate (usually sparsely populated areas and areas of poverty)	$855,000
Investments in improving connections among major public library systems in the Twin Cities metropolitan area and for reference resources used statewide	$370,000
Services and resources for persons with special needs: residents of corrections and human services institutions, people with limited English proficiency, persons with disabilities, and the poor.	$90,000
State level administration	$57,000

For fiscal year 1995, Minnesota received $1.4 million in a state allocation for Library Services and Construction Act Title I programs, Public Library Services. Most funds are combined with the state appropriation for Regional Basic Support System Grants and distributed by formula to the twelve regional public library systems.[15] Regional systems use the federal portion of funding for eligible activities defined in the state plan and in each region's plan and grant application.

[15]See page ? for the formula used to distribute Regional Basic System Support Grants and federal Title I funds.

Approximately $43,000 of the state's allocation is provided to the Departments of Corrections and Human Services for library services to people in state correctional and residential facilities.

The current Library Services and Construction Act expires at the end of fiscal year 1996. While reauthorization hearings are underway, future funding will be affected by massive restructuring of all federal obligations.

Other Local Sources of Revenue for Library Operations

For fiscal year 1994, public libraries reported $5.3 million in miscellaneous local sources of income. Although the total percentage of public library receipts from miscellaneous sources has remained stable, the amounts for individual items can vary significantly from year to year.

Locally Generated Revenues for Public Libraries, Fiscal Year 1994
(Dollars in Thousands)

Source	
Fines/fees	$2,760
Other	$1,339
Gifts	$766
Grants/contracts	$483
Total	$5,348

Funding for Capital Investments

Local Funding for Capital Expenditures

Minnesota public libraries reported $11.8 million in capital expenditures for fiscal year 1994. These expenditures include investments in new automation systems as well as new construction. Except for occasional use of federal and state funds for library capital investments (see below), funding for library construction, remodeling, and other capital uses is from local sources, chiefly bonding repaid through property taxes and local government aid. The city of Rochester, which recently completed a major new library project, has levied a city sales tax permitted under special state legislation to repay its library bonds. Libraries augment tax funding with voluntary local support, gifts, and endowments.

State Funding for Capital Expenditures: Library Accessibility Grants

The sole state support for public library building expenditures is a new program authorized by the 1994 Legislature.[16] Library Accessibility Grants are made to public libraries and regional library systems to remove architectural barriers that affect library use by people with disabilities. In consultation with the State Council on Disability, the Commissioner of Children, Families, and Learning awards grants competitively for up to 50 percent of the approved costs. Funding is provided through $1,000,000 in bonding authorization.

Federal Funding for Capital Expenditures

Administered in Minnesota through the Office of Library Development and Services, Title II of the Federal Library Services and Construction Act provides federal funds to assist communities in constructing, acquiring and remodeling public library buildings. Regional public library systems and city and county public libraries may apply during an annual grant cycle. Grants funds are awarded competitively. They may cover up to 33 percent of total project cost with a maximum grant of $200,000.

Title II Federal Library Construction Grants, Fiscal Year 1994

Princeton, Minnesota for new construction ($200,000)

Farmington, Minnesota for acquisition and remodeling for a new branch library ($109,970)

[16] *Minn. Stat.* 134.45.

Academic Libraries

On many college and university campuses, the library is the architectural "crown jewel," symbolizing its traditional importance in learning and academic research. Including spending by private colleges and universities, academic libraries reported expenditures of $75.4 million in 1994.

Academic Libraries Overview

All but a handful of Minnesota colleges and universities maintain libraries to serve their students and faculties. An exception is Metropolitan State University which has used community resources of all types, including libraries, to take the place of a traditional campus. Several technical college libraries are recently established as these institutions seek to become accredited collegiate institutions. Two technical colleges that formerly did not have their own libraries have merged with co-located community colleges.

Academic Libraries	
29	in Technical Colleges
21	in Community/Consolidated Colleges
6	in State Universities
19	at the University of Minnesota
34	in Private Colleges, Universities and Professional Schools
7	in Private Career Schools

The size range of academic libraries is vast, from over 5.1 million volumes at the University of Minnesota--Twin Cities Libraries to 1,400 volumes at several private career schools. Together, Minnesota's academic libraries hold over 13.8 million books, 4.8 million government documents, and 107,000 periodical subscriptions. The University of Minnesota--Twin Cities, the state's premier academic library, ranks 17th out of 108 U.S. and Canadian research university libraries in terms of number of volumes held and reported operating expenditures.

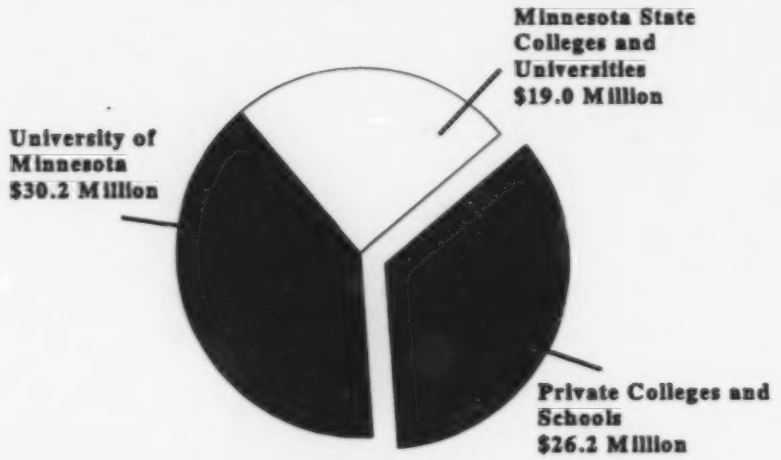
Academic libraries employ 444 library professionals, 690 other staff, and the full-time employment equivalent of 575 students, a workforce of over 1,700. Charged circulation in 1994 was 5 million transactions.

Reported Funding for Academic Libraries

Reported operating expenditures for academic libraries in fiscal year 1994 are estimated to be $75.4 million.[17] Of this total, reported expenditures for public college and university libraries, nearly all supported with public funds and tuition established by public policies, are 65 percent or $49.2 million. Private college and university libraries, which are supported with private sources and benefit only indirectly from public funding, accounted for $26.2 million.

Reported Academic Library Operating Expenditures

Fiscal Year 1994


Minnesota State Colleges and Universities $19.0 Million
University of Minnesota $30.2 Million
Private Colleges and Schools $26.2 Million

Note: Includes fringe benefits only if paid through library budget. Usually does not include facilities and indirect costs not charged to library budget.

Sources: National Center for Education Statistics Academic Libraries Survey and Minnesota Technical College System, *Library/Media Services Survey and Report*, 1994.

[17]University of Minnesota, state university, community college, and private institution library expenditure data in this section are from the National Center for Education Statistics (NCES) Academic Libraries Survey (1994). Fringe benefit costs are reported in the NCES data if they are paid through the library budget. Many technical colleges have not been included in NCES reporting procedures for collegiate institutions. For the technical colleges, data are from Minnesota Technical College System, *Library/Media Services Survey and Report*, 1994, a study modeled on the NCES survey. Building operations and maintenance and indirect costs are not collected on these surveys.

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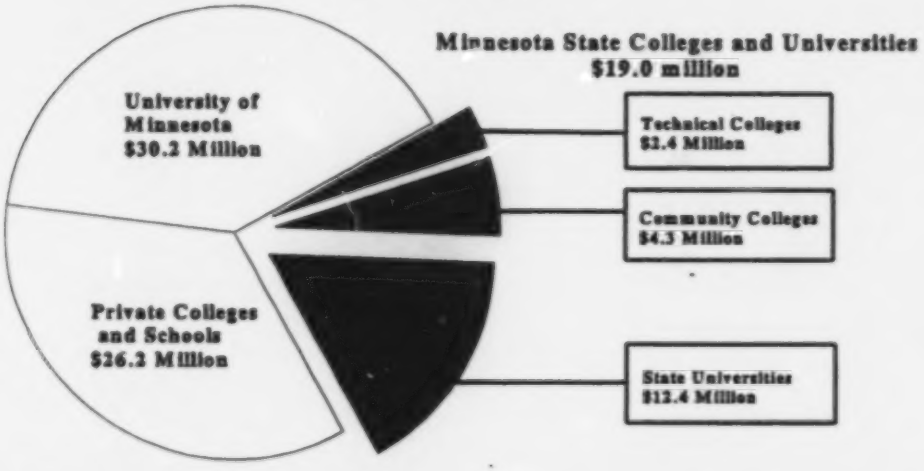
Minnesota State Colleges and Universities (MnSCU) Institutions

Operating costs for libraries in MnSCU institutions in fiscal year 1994 are estimated to be $19.0 million. Of this amount, $12.4 million was spent by state university libraries, $4.3 million by community college libraries, and $2.4 million by technical college libraries.[18]

Reported Operating Expenditures for MnSCU Institution Libraries

Fiscal Year 1994



Note: Includes fringe benefits only if paid through library budget. Usually does not include facilities and indirect costs not charged to library budget. MnSCU total does not equal sum of former system totals due to rounding.

Sources: National Center for Education Statistics Academic Libraries Survey and Minnesota Technical College System, *Library/Media Services Survey and Report*, 1994.

Except for small amounts of non-state grants and private funds, the support of MnSCU institution libraries comes from the general state appropriation for instruction to the Board of Trustees and tuition revenue. Prior to the merger, student tuition and fee revenues represented approximately 38 percent of instructional costs in the state universities and community colleges and 30 percent of instructional costs in the technical colleges.

[18]The MnSCU total does not equal the sum of the former system totals due to rounding.

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In all three systems, campus allocations included amounts for library and media services, but the real decisions about the level of funding for libraries were made at the campus level.[19] Under the policies of MnSCU, library funding decisions will continue to be made by each campus.

The exception to campus-based funding for MnSCU institution libraries is funding for MnSCU/PALS, the automated library system, which is supported out of central administration funds. Further discussion of MnSCU/PALS funding appears in the next section.

MnSCU/PALS

The Minnesota State University System Project for Automation of Library Systems (PALS) was developed with funding from the State University System in the late 1970s. The Minnesota State Universities, the Legislative Reference Library, and the Tri-College University in Moorhead-Fargo were the first full participants in 1980. Minnesota Community Colleges began participating in 1987. Technical colleges currently are being added to the PALS network with full participation planned for 1996-97.

With the merger of three higher education systems, PALS is now under the jurisdiction of MnSCU. The Executive Director of PALS reports to the MnSCU Associate Vice Chancellor for Academic Affairs. User groups, a user council, a Deans/Directors/Coordinators group, and an executive committee meet regularly to provide advice and recommendations on MnSCU/PALS operations, development, and funding.

Prior to July 1, 1995, the State University System directly funded PALS equipment and services used by state universities through an in-kind contribution of approximately $1.3 million a year.

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[19]The State University Board and Community College Board used formulas to distribute funds to each campus based on enrollments. Technical College Board allocations to campuses were based on prior spending for different functions. For fiscal years 1992 and 1993, the state appropriation to public institution governing boards stipulated amounts to be spent on library acquisitions. The 1994-95 appropriations bill prohibited the public post-secondary systems from lowering their expenditures on libraries and instructional equipment. These provisions were placed in law following evidence that some institutions were buying little or no new library materials, counting on the use of collections maintained by other colleges and universities.

Community colleges were charged for PALS services, and the Community College system office paid these costs from the central budget.

Under the current funding agreement, charges to institutions are based on a relatively small basic fee with additional transaction charges based on usage of individual services. The MnSCU central office will pay for PALS services to all MnSCU institutions for the 1996-97 biennium. New equipment, records conversion, and training to add technical college libraries to PALS are being funded with a one-time special appropriation of $750,000.

In addition to serving MnSCU institutions, PALS serves as the automated library system for the University of Minnesota-Crookston, North Dakota State University, 8 Minnesota private colleges, 18 Minnesota state agency libraries and several private libraries. These libraries pay charges calculated in the same way as applied to MnSCU institutions. Together their fees account for approximately 42 percent of the PALS operating budget.

Besides member libraries in Minnesota, the PALS software is used by nearly 300 libraries worldwide under a contract with Ameritech Library Services. The Traverse des Sioux regional public library system, headquartered in Mankato, is one of these. This year, PALS will receive approximately $156,000 under this contract for support services and royalties. Revenues from the contract are used to cover costs to PALS for participation by non-Minnesota institutions. Ameritech markets the PALS software outside the MnSCU/PALS consortium and maintains the contractual agreements with these institutions.

University of Minnesota

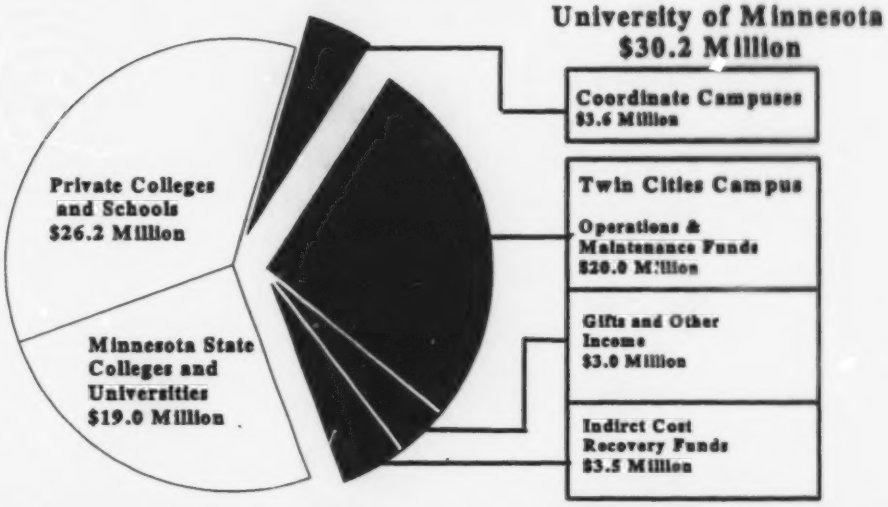
Reported operating expenditures for University of Minnesota libraries on four campuses totaled $30.2 million in fiscal year 1994. Of this amount $ 26.5 million was spent by University of Minnesota-Twin Cities Libraries which serve as a statewide resource through the MINITEX program as well as supporting the state's sole research university.

Like the public institutions in MnSCU, funding for coordinate campus libraries is allocated locally from general institutional budgets. State appropriations accounted for approximately 37 percent of Operations and Maintenance Fund revenues with the remaining 33 percent nearly all funded with tuition revenues. Library budgets are determined through the regular budget processes on each campus.

The major source of funding for University of Minnesota-Twin Cities Libraries is also general Operations and Maintenance funds budgeted along with other University departments. In addition, $3.5 million in indirect cost recovery on research and other grants (chiefly federal) is directed to the Libraries

Funding for University of Minnesota Libraries

Fiscal Year 1994



Note: Includes fringe benefits only if paid through library budget. Usually does not include facilities and indirect costs not charged to library budget.

Sources: National Center for Education Statistics Academic Libraries Survey and Minnesota Technical College System, *Library/Media Services Survey and Report*, 1994.

for acquisitions necessary for research. Indirect cost recovery funds currently finance about half of all acquisitions for the Twin Cities Libraries. University of Minnesota Libraries on the Twin Cites campus also had $3.0 million in other revenues from gifts, endowments, grants, and contracts.

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The University of Minnesota-Twin Cities Libraries provide services to academic and other libraries in Minnesota and neighboring states under contracts with the Higher Education Services Office. MINITEX is discussed further in the section on Library Coorperation and Statewide Services.

Private Institutions

Minnesota private colleges, universities, professional schools, and career schools reported $26.2 million in library operating expenditures for fiscal year 1994. Private institution libraries receive small amounts of funds from gifts, library endowments, and grants, but virtually all expenditures are funded through general tuition revenues and endowment income. Tuition revenues support 65 to 82 percent of the operating expenditures of private liberal arts colleges, so the majority of library costs are borne directly by students.

Like the University of Minnesota and MnSCU institution libraries, private institution libraries are members of MINITEX and their costs of participation are paid through direct state appropriation to the Higher Education Services Office for MINITEX services to qualifying Minnesota post-secondary institutions. Private institution libraries also contribute library services to patrons of other MINITEX members by lending materials from their collections; private institutions had the highest ratio of items lent:borrowed among the higher education systems outside the University of Minnesota-Twin Cities.

Cooperating Libraries in Consortium (CLIC) is a membership organization serving 11 libraries at seven Twin Cities private colleges. CLIC sponsors universal borrowing privileges and document delivery among the campuses. It also manages a common library automation system that makes the combined collections of member colleges accessible to students and staffs at all institutions.

Standards for Academic Library Funding

For the most part, funding of academic libraries tends to be idiosyncratic and reflects local priorities. Unlike public libraries, where state legislation sets minimum local funding support levels, college and university libraries are funded without much attention to established criteria. There are no

current requirements for maintenance of effort, nor are there mechanisms in place to prevent or ameliorate significant variability in funding levels.

Two types of funding criteria can be applied to academic libraries: one is based on standards approved by a professional organization (Association of College and Research Libraries), while the other is based on comparisons of actual funding levels in similar institutions.

The ACRL standards suggest that four year college libraries be funded at six percent of the parent institution's total educational expenditures; the standard for two-year institutions is six to nine percent. Current ACRL standards for university libraries are quantitative and no longer state a specific budget ratio. Standards ultimately are based on a consensus in the library community about adequate levels of funding and service rather than actual practice.

A second method of comparison is to look at practices in peer institutions. In 1993-94, for example, the University of Minnesota library's expenditures were 2.2 percent of total educational and general expenditures, a percentage that places the University in the lowest quartile among research libraries in the U.S. and Canada.

Occasionally, calculations will be made to determine campus library expenditures per capita. While these data are sometimes useful, they often fail to take into account the usage of the library by unaffiliated individuals and groups, which in some instances can be substantial. This is an issue that all libraries must face as information seekers cross jurisdictional, institutional, and other boundaries in their pursuit of knowledge, a pattern which continues to grow with the expansion in post-secondary services to commuting and off-campus learners.

Funding for Capital Expenditures

Public Post-Secondary Institutions

While operating costs of libraries in public post-secondary institutions are funded through general appropriations and tuition revenues, the state legislature determines funding for specific library construction and remodeling projects during the biennial capital budget cycle. Prior to 1991, the state

paid all costs of debt service on capital projects not needed for preservation or safety. Beginning with the 1991 bonding bill, public post-secondary systems have been charged one-third of the debt service costs authorized by the legislature. The Technical College and Community College Systems paid the system share from the central office, while the State University System required individual campuses to cover 15 percent of the charge to the system.

Under the newly adopted policies of MnSCU, campuses that receive capital budget appropriations endorsed by the Board of Trustees will pay half the costs from their operating allocations, with the remaining half paid at the system level. Campuses that gain legislative approval for projects that have not been endorsed as a priority of the Board of Trustees will pay the entire one-third debt service requirement from their campus funds.

Because many campuses last upgraded their libraries about twenty years ago, a new round of potential library projects is on the drawing boards. The 1996 system capital budget requests include new libraries at the St. Cloud State University and the University of Minnesota-Twin Cities and library addition and renovation projects at University of Minnesota-Duluth and North Hennepin Community College. The Library Planning Task Force has reviewed these projects as part of its legislative charge.

Private Post-Secondary Institutions

Private academic libraries can be built solely with private sources of funds--college endowments, gifts, capital fund campaigns, and operating revenues. Private institutions can gain take advantage of tax exempt bonding to finance capital projects through the Minnesota Higher Education Facilities Authority. Tax exempt revenue bonds issued by the Authority helped finance the libraries at Bethel College and Concordia College-Moorhead.

Public School Library Media Centers

Libraries in public elementary and secondary schools are funded primarily from state foundation aids and local tax levies for schools, and funding decisions for libraries are made at the district and school building levels. For fiscal year 1994, districts reported spending $94.3 million on school library media centers.

Public School Library Media Centers Overview

As described by the Minnesota Educational Media Organization, school library media programs support the instructional curriculum with their mission:

- To provide intellectual and physical access to materials in all forms;
- To provide instruction to foster competence and stimulate interest in reading, viewing, and using information and ideas;
- To work with other educators to design learning strategies to meet the needs of individual students.[20]

Like other librarians, school library media specialists have changed from custodians of books and other materials to leaders and partners in using information and information technology. Modern school library media programs operate as part of the school's overall learning strategy in partnership with teachers and other educators. In today's environment, they have a growing role in teaching information and technology literacy skills to learners and to other school staff.

Public Schools 1994-95

929 Elementary Schools
109 Middle Schools
457 Secondary Schools

Professional staff of school library media centers are defined as teachers in Minnesota law and licensed by the Board of Teaching. They concurrently hold licenses as classroom teachers, reflecting their role as part of the instructional team. For the 1994-95 school year, public schools employed 1,055 full-time equivalent licensed media specialists and supervisors.

[20]Minnesota Educational Media Organization, "The Role of the School Library Media Program in Educational Restructuring," Approved by the Board of Directors, May 6, 1989.

Minnesota's has 1,495 public elementary, secondary and middle schools operated by 379 local school districts. Current rules of the Minnesota State Board of Education require a library media program and a central library media room staffed with licensed personnel in all but the smallest elementary schools.[21] In 1990-91, 55 public schools enrolling 4,058 pupils were without a library media center. Sixty-one schools, serving 14,000 students, did not have a media specialist staffing the media center; 49 schools had neither a media specialist nor a media aide.[22]

Until 1993, the Minnesota Department of Education provided leadership for school library media centers through a specialized unit. Since the unit was disbanded, state data on public school library media services have not been collected.

A 1991 statute permits city and school libraries to operate under a joint board appointed by the school board and the mayor with approval by the city council.[23] Pipestone is the only city and school district currently providing jointly operated library services to the school and community under this legislation.

Reported Funding for Public School Library Media Centers

For fiscal year 1994, reported public school expenditures on school library media services totaled $94.3 million.[24] These expenditures were from all sources in district General Revenue and Capital Equipment Funds. All state funds expended for school library media services undesignated; the state does not provide funding specifically for library media programs. Rather, each district and school

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[21] *Minnesota Rules*, 3500.0710. This rule is repealed effective August 1, 1996.

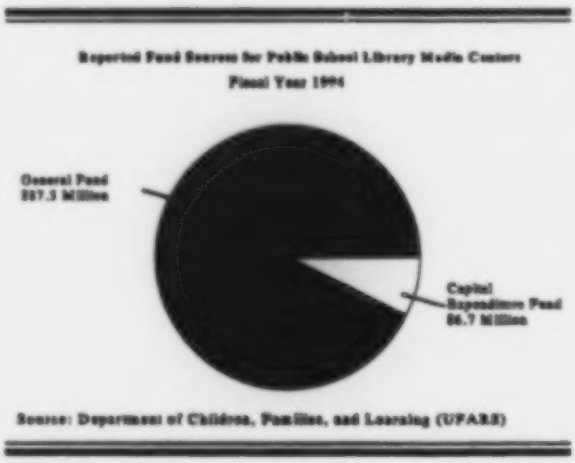
[22] *School Library Media Centers in the United States: 1990-91*, U.S. Department of Education, National Center for Education Statistics, NCES 94-326, November 1994.

[23] *Minn. Stat.* 134.195

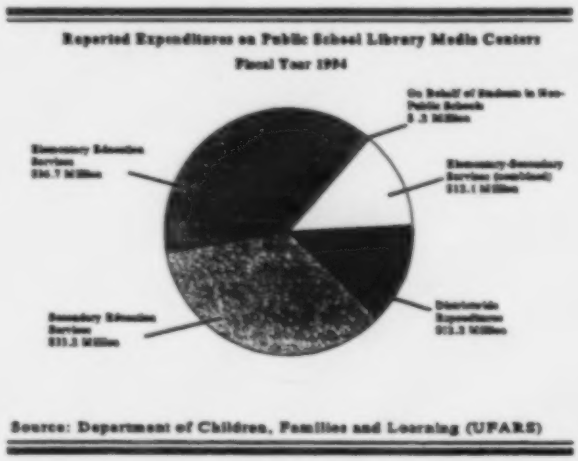
[24] All data in this section are from the Department of Children, Families and Learning and reported through the school district accounting and reporting system (UFARS). Reported expenditures are for the activity Educational Media defined as follows: "The organization, management and operation of libraries and media centers. Included activities: ordering, cataloging, processing and circulating books, audio-visual materials and equipment; design and use of the library for teachers and pupils; participation in faculty planning for use of books and audio-visual materials; guidance to teachers and pupils in the use of the library." Staff fringe benefits are generally included. Plant operations and maintenance are not reported under this definition, and most schools do not allocate these costs to the library.

decides how much to devote to library media programs from state and local funding provided in general support for public education.

Educational media expenditures represented $87.5 million or 2.2 percent of General Fund expenditures in fiscal year 1994. General Revenue Funds are the major source of funds for Minnesota public schools, totaling $4.0 billion in fiscal year 1994. Local taxes and other local revenues make up 38 percent of the General Fund statewide. General state aid contributes 51 percent, with the remainder consisting of federal funds, other state support, and miscellaneous revenue sources. All but $18.9 million of the General Fund was unrestricted and local districts and schools determine how it will be used for educational programming.



District Capital Expenditure Funds generally were used to purchase non-textbook materials to support instructional programs, although these expenditures were also supported out of the General Fund. For fiscal year 1994, the Capital Expenditure Fund was $329.2 million; educational media costs were $6.7 million or 2.0 percent of the total Capital Fund. Statewide, sources of the district Capital Funds were: local taxes and other local revenue, 34 percent; general state aid, 52 percent; federal and other sources, including bonds and loans, 14 percent.


Reported Expenditures on Public School Library Media Centers
Fiscal Year 1994
Source: Department of Children, Families and Learning (UFARS)

Reported expenditures for library media services in public elementary schools were $36.7 million in fiscal year 1994, 39 percent of reported school library media expenditures. Secondary school

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expenditures totaled $33.2 million, or 35 percent of reported expenditures. A reported $24.3 million was spent on district-wide leadership and services and library services for both elementary and secondary school students. Educational districts serving schools on a regional basis accounted for $571,000 of these costs. About $160,000 in fiscal year 1994 was spent by public school districts for library media services to students attending nonpublic schools.

Federal Funding for School Library Media Centers

From 1958 until 1974, the federal government provided substantial targeted categorical support for school library media centers. With this support, school library media centers were established in more schools, expanded their collections, and improved staff training. In 1974, amendments to Title II of the Elementary and Secondary Education Act consolidated targeted funding for school library media centers with several other activities. Under the current Act, school library media services are included under one of eight eligible areas of expenditure from federal block grant funds granted to school districts.

In fiscal year 1994, districts reported using $929,000 from their allocations to purchase library materials. Additional funds may have been used to purchase computer resources, train staff or fund other activities that benefited school media centers, but these allocations cannot be identified from federal funding reports. Federal block grant funds are included in reported district expenditures from the General and Capital Expenditure Funds.

Other Publicly Funded Libraries

Other Minnesota publicly funded libraries include libraries serving state agencies and other governmental units, the Minnesota Historical Society, the Minnesota Library for the Blind and Physically Handicapped, county law libraries, and prison libraries. Together, these libraries accounted for approximately $10 million in direct operating expenditures in 1994; most of this funding was allocated by parent organizations to support library operations.

State Government Libraries

Eighteen executive branch agencies have established libraries to serve their staffs and public constituencies. In addition, libraries are maintained by the Attorney General's Office, the Minnesota Legislature (Legislative Reference Library) and the Minnesota Supreme Court (State Law Library).

State Agency and Other State Government Libraries, 1994

State Agency Libraries

Administration
Center for Arts Education
Economic Security
Children, Families and Learning (two libraries)
- Education Resource Center
- Office of Library Development and Services

Health
Housing Finance
Human Services
Iron Range Resources and Rehabilitation Board
Metropolitan Council
Minnesota Planning
Minnesota Trade Office
Minnesota Zoo
Natural Resources
Pollution Control
Public Service
Revenue
Trade and Economic Development
Transportation

Other Libraries

State Law Library
Legislative Reference Library
Attorney General's Office
Fire Information/EMS Library (now part of Metropolitan State University)

State government libraries are open to the public, although they may restrict circulation to agency staff or registered visitors.

State government libraries located in St. Paul are members of the Capitol Area Library Consortium (CALCO) which meets regularly to share information and develop cooperative services. CALCO member libraries own over 333,000 items; the State Law Library, with an estimated 220,000 volumes is

the largest. Collections of state agency libraries contain resources about Minnesota that may be difficult to locate, including agency and task force reports, minutes of government bodies, specialized Minnesota journals and newsletters, archives of historical documents and records, and legal briefs and transcripts.

Direct operating expenditures by these libraries totaled approximately $5.4 million in 1994.[25] Of this amount, $2.5 million was funded through state appropriations for the Legislative Reference Library and the State Law Library, the only Minnesota libraries funded by direct state appropriations. Other state government libraries are supported from general agency funds, including $2.7 million in agency appropriations and transfers and contracts with other state agencies and $215,000 in agency federal funds used for libraries.

In addition to appropriations for the Legislative Reference Library and the State Law Library, the Minnesota legislature has provided direct appropriations to connect state government libraries to the PALS library automation system. Supplementary funding for PALS, $48,100 in 1994, is appropriated through the Office of Library Development and Services. By unifying the catalogs and library automation systems used in state government, the state appropriation has encouraged resource sharing and cooperation among these libraries.

Minnesota Historical Society

The Minnesota Historical Society's Research Center serves as a free public library, open 6 days and one evening a week, making available not only library material but also collections that include manuscripts, photographs, art works, artifacts, and the government records of the State Archives. Annual operating expenses for library operations (not including the State Archives), are estimated to be $890,000, supported by $780,000 in state appropriations to the Historical Society and $110,000 in gifts, grants, and earned income of the Society.

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[25]Estimates provided by agencies in response to special request. Facilities, indirect costs and services funded through other sections of parent agencies are not included.

Minnesota Library for the Blind and Physically Handicapped

The Minnesota Library for the Blind and Physically Handicapped, located on the campus of the Minnesota Academy for the Blind in Faribault, is part of the Office of Library Development and Services. The library provides books and magazines in Braille, large print, and audio formats and reference information to Minnesotans who are permanently or temporarily unable to read conventional print. Institutions such as nursing homes, hospitals and schools which serve eligible persons can also receive library services.

There are no age restrictions and pre-school through adult materials are available. Most materials are provided by the Library of Congress at no charge to the state. Some materials of particular local interest are recorded by volunteers.

Except for small amounts of gift and grant funds, funding for the Library for the Blind and Physically Handicapped comes from state appropriations through the Department of Children, Families, and Learning. Expenditures for staff and other direct costs in fiscal year 1994 were $388,618.[26]

County Law Libraries

Eighty-four county law libraries are supported by Minnesota's 87 counties.[27] With two exceptions, each library serves a single county. Joint libraries are operated by Benton and Stearns Counties and by Chippewa, Lac Qui Parle, and Yellow Medicine Counties.

County law libraries provide free access to collections of legal references, local ordinances, law journals, and other materials to judges, state and local officials, members of the bar, and citizens of the county. Members of the general public who use law libraries are often researching issues related to their own legal concerns.

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[26]Facilities costs, services and purchases funded through other budgets and indirect costs are not included.

[27]The authority for county law libraries is Chapter 134 A of *Minnesota Statutes*. The original statute was adopted in 1949.

Boards of Trustees establish policies for the county law libraries. In each county, the board includes at least one appointee of the chief judge of the judicial circuit, at least one member selected by and from the membership of the County Board, and at least one attorney from the county appointed by the County Attorney.

The major sources of funding for county law libraries are filing fees for civil actions and probate and fees assessed against persons convicted of petty misdemeanors and other crimes (including traffic violations). The Board of Trustees sets fees for the library which are added to any other court costs or penalties. County law library fees range from $2.00 to $10.00 per action with most in the $5.00 to $10.00 range.

The county board must provide free space in the courthouse for the library; a few counties subsidize the library budget with other county funds or pay some costs out of other county budgets. In over half the counties, a salaried employee paid by the county or state maintains the library along with other duties. Small amounts are collected through copying charges, donations, fines, and fees for use of computerized data bases.

County Law Library Annual Incomes (Reported in 1991)

	Number of Libraries
Less than $10,000	20
$10,000 to $19,999	29
$20,000 to $29,999	11
$30,000 to $39,999	8
$40,000 and over	8

Source: State Law Library

Most county law libraries have small budgets and operate without professional library staff. In 1991, the last year information has been collected at the state level, aggregated revenues from all county law library income sources are estimated to have been $3.2 million.

A professional librarian in the State Law Library assists the county law libraries as part of her responsibilities. The libraries are asked to make a small contribution to help pay for consulting services and copies of state rules and statutes.

State Prison Libraries

Library services are available in 9 Minnesota state-operated correctional facilities.[28] In fiscal year 1994, the Department of Corrections used $395,000 in state funds for library staff, materials and equipment. Approximately $25,000 from other sources, mainly federal Library Services and Construction Act funds granted through the Office of Library Development and Services, supplemented the state funding. In addition to on-site prison libraries, the Department contracts with the State Law Library to provide specialized legal reference services.

Hospital Libraries

Expenditures and sources of funding for public hospital libraries were not identified for this study. While hospital libraries primarily serve their medical, nursing and other health professions staffs and staff-in-training, they have experienced increasing use by students enrolled in off-campus health professions programs.

The Minnesota Department of Human Services provides library services to clients living in regional treatment centers. Federal Library Services and Construction Act Title I funds granted through the Office of Library Development and Services provide a small supplement to funding through the Department. These libraries are not open to the public.

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[28]Lino Lakes, Oak Park Heights, Red Wing, St. Cloud, Sauk Centre, Shakopee, Stillwater, Willow River/Moose Lake, and Thistledew Camp. Data are from the application for federal Title I funds.

Library Cooperation and Statewide Services

In addition to direct support for public, academic, school, and other libraries, the state of Minnesota supports the following separate organizations that provide statewide leadership and promote cooperation among libraries:

- Seven Multicounty Multitype Library Cooperation Systems
- Office of Library Development and Services, a unit within the Department of Children, Families and Learning
- MINITEX

Together these organizations had operating expenditures of $3.9 million in fiscal year 1994, an investment of 1.3 percent of expenditures on libraries and library services.

Multicounty Multitype Library Cooperation Systems

Multicounty Multitype Library Cooperation Systems operate under legislation adopted in 1979 to encourage and facilitate cooperation among all types of libraries.[29] The Office of Library Development and Services assisted in the formation of Minnesota's multicounty multitype library cooperation systems, administers state and federal grant appropriations for this program, and provides on-going consulting.

Library Cooperation in Action

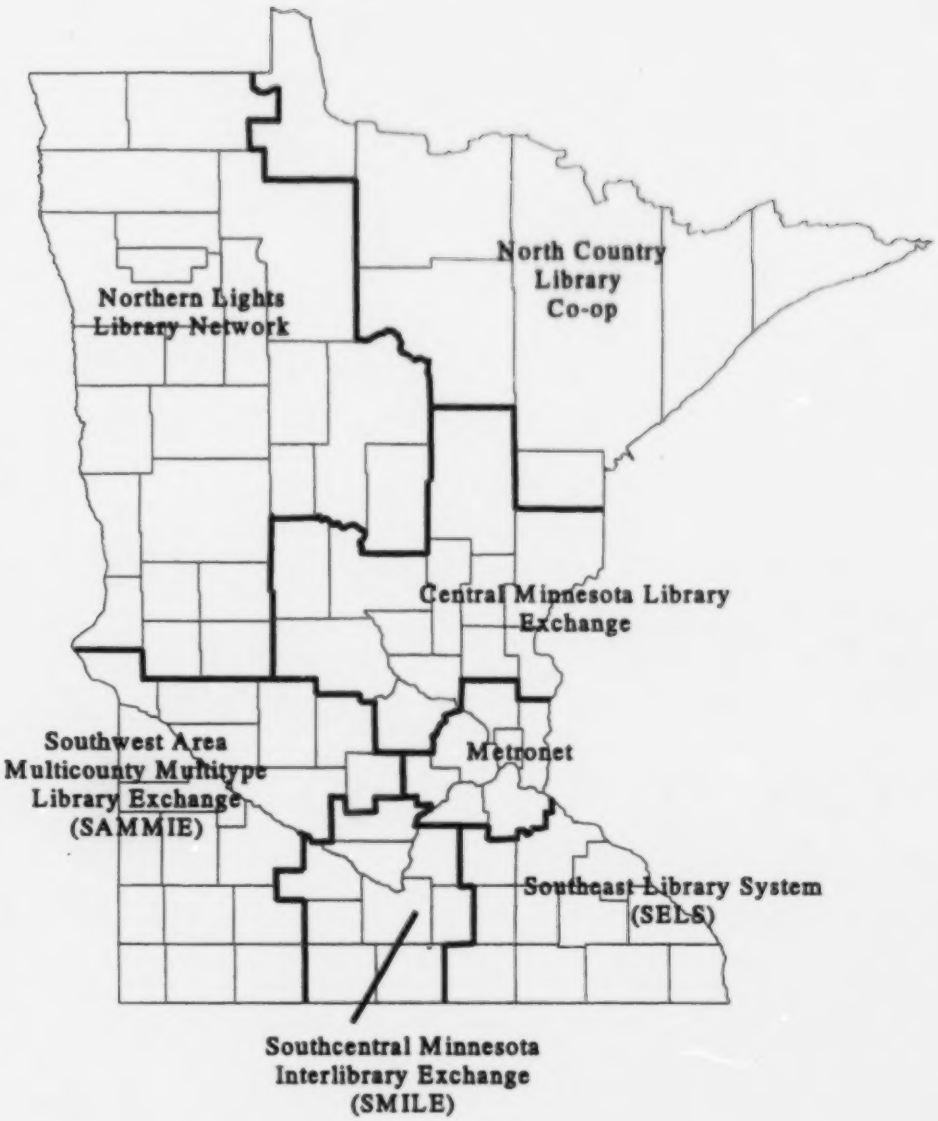
Citizens throughout the 12-county region served by the Central Minnesota Libraries Exchange (CMLE) benefit from library cooperation that includes a resource sharing and back-up reference services. Last year, over 14,000 books and photocopies were delivered directly to patrons in participating libraries including school media centers, public libraries, academic libraries and specialized libraries such as those in correctional facilities, historical societies, hospitals, and a county law library.

To facilitate this cooperation, CMLE produced a common list of periodical holdings and a catalog on CD-ROM with the holdings of St. Cloud State University, St. John's University, the College of St. Benedict, two technical colleges, over 40 school media centers, and the Great River and East Central Library Regional Library Systems.

Housed at St. Cloud State University, CMLE has 265 libraries as official members. In addition to the activities visible to patrons, CMLE sponsors continuing education for librarians and publishes a regional library directory and quarterly newsletter

[29] *Minn. Stat.* 134.351.

Multicounty Multitype Library Cooperation Systems


North Country Library Co-op
Northern Lights Library Network
Central Minnesota Library Exchange
Southwest Area Multicounty Multitype Library Exchange (SAMMIE)
Metronet
Southeast Library System (SELS)
Southcentral Minnesota Interlibrary Exchange (SMILE)

Seven systems, each serving a geographic region, cover the state. Participating libraries must have agreements for resource sharing, long-range planning, cooperative delivery systems, shared bibliographic databases and communications. In addition to these functions, the systems provide staff development opportunities for library personnel in their regions.

The 1979 legislation provided that members of the multicounty multitype governing board are drawn from constituent public library system boards in each multitype region. In four systems with the same boundaries as a regional public library system, all public library system board members become the members of the multitype governing board.[30] In three systems covering more than one regional public library service area, the governing boards have nine members, prorated by population, from member public library boards. In each region, the statute also provides for a 7 member Advisory Committee representing public, school, academic, and special libraries; advisory committees have the responsibility in law to advise the governing board.

Beginning July 1, 1995, new legislation permits regions to substitute a combined board of appointed citizens and library employees for the existing governing board and advisory committee.[31] The regional public library system boards select 5 or 7 citizen members; four library employees are selected according to system by-laws.

Funding for the multicounty multi type library systems comes from state and federal grants for library cooperation.

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[30]See page 26 for a description of regional public library systems.

[31]*Laws of Minnesota for 1995, First Special Session*, Chapter 3, Article 10, Section 3.

FUNDING FOR MINNESOTA MULTICOUNTY MULTI TYPE LIBRARY SYSTEMS				
SOURCE	STATUTORY AUTHORITY	HOW FUNDS ARE ALLOCATED	FUNDING	
STATE APPROPRIATIONS: MULTICOUNTY MULTITYPE LIBRARY SYSTEM OPERATING GRANTS	*Minn. Stat.* 134.354 (1983)	State and Federal grant funds are combined and distributed by the Office of Library Development and Services as follows: 60% equally among regions 20% on the basis of population 20% on the basis of square miles served For fiscal year 1995, grants totaled $864,995, consisting of $527,000 in state funds and $337,995 in federal funds.	FY 1996 $527,000	FY 1997 $527,000
FEDERAL FUNDS: STATE ALLOCATION FOR INTERLIBRARY COOPERATION AND RESOURCE SHARING	Title III of the Library Services and Construction Act		Pending Federal Reauthorization and Appropriations	

Office of Library Development and Services

Housed in the Department of Children, Families and Learning, the Office of Library Development and Services provides statewide coordination and leadership among public libraries and between public libraries and other types of libraries. As part of this function, the Office administers state appropriations and federal funds for public and multitype libraries.

The Office is responsible for three libraries that serve statewide constituencies: the Library for the Blind and Physically Handicapped, the Education

Grant Programs Administered by the Office of Library Development and Services

State Programs

Regional Basic Support System Grants (see page 33)
Children's Library Services Grants (see page 37)
Librarians of Color (see page 38)
Multicounty Multitype Library System Operating Grants (see above)
Library Accessibility Grants (see page 41)

Federal Programs (Library Services and Construction Act)

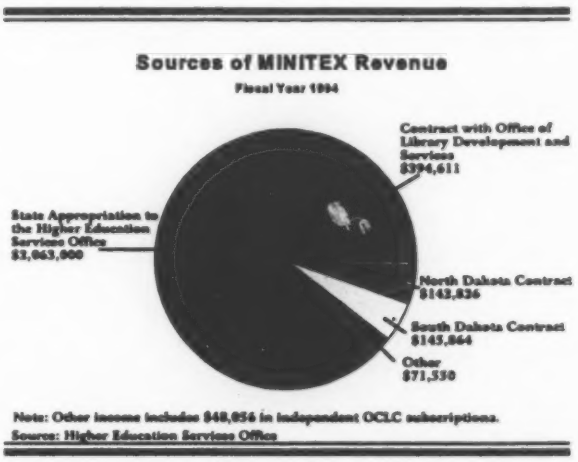
Title I: Public Library Services (see page 39)
Title II: Library Construction (see page 41)
Title III: Interlibrary Cooperation and Resource Sharing (see above)

Resource Center, and a library on library science.[32] In addition, the Office maintains statistics on public libraries and provides information and consulting to librarians, library boards, public officials, and citizens on library development and cooperation.

MINITEX

The MINITEX Library Information network is a publicly supported network of academic, public, state agency, and other special libraries working cooperatively to improve library service by making library resources accessible to residents around the state. Through MINITEX, libraries gain access to the collections of other MINITEX members, group purchasing agreements, on-line indices to journals, administrative support for loading licensed electronic reference databases onto library automation systems, and participation and training in Online Shared Cataloging Services (OCLC).

The MINITEX office is located in Wilson Library on the University of Minnesota-Twin Cities campus and is operated by the University of Minnesota under contracts with the Higher Education Services Office. A state appropriation to the Services Office funds services to Minnesota post-secondary education institutions and state agency libraries. The Services Office contracts with the Office of Library Development and Services to provide services to Minnesota's public libraries[33] and with the North Dakota State Library and South Dakota State Library to provide service to designated libraries in North and South Dakota. Total revenue sources for operations in fiscal year 1994 were


Sources of MINITEX Revenue
Fiscal Year 1994
Contract with Office of Library Development and Services $394,611
State Appropriation to the Higher Education Services Office $1,063,000
North Dakota Contract $143,836
South Dakota Contract $145,864
Other $71,530
Note: Other income includes $48,854 in independent OCLC subscriptions.
Source: Higher Education Services Office

[32]Expenditures for the Library for the Blind and Physically Handicapped, the Education Resource Center, and library on library science are included in the section on Other Publicly Funded Libraries.

[33]The source of funding for the contract with the Office of Library Development and Services is the state appropriation for Regional Basic Support System Grants (see page 33).

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$2,817,851. Expenditures were $2,478,439, allowing a carry forward of $339,412 to fiscal year 1995 to fund contracted commitments.

Preliminary Findings

This preliminary report identifies library funding sources and decision-making structures for public libraries, public school library media centers, public and private academic libraries, libraries associated with state government, county law libraries, and state-supported organizations for library coordination. Information about current sources and structures is a first step in identifying potential changes that will improve the state's capacity for library and information services.

The Nature of Library Cooperation

Library cooperation and collaboration encompass a number of activities, some traditional to libraries and some relatively new to the library world. Interlibrary loans, the physical movement of materials among libraries, is the activity most visible to the general public. Other forms of cooperation and collaboration include: cooperative purchasing of data bases and other resources at discounted prices, providing access to multiple catalogs and databases from one terminal, reciprocal borrowing, using information about collections in other libraries to make decisions about acquiring and discarding materials, cooperative training, jointly sponsoring programs for children and others users, and articulating common needs of libraries to policymakers.

Library Cooperation in Action

The public library and public and private school libraries in the eastern metropolitan region created a partnership called "Mininet" over ten years ago. The librarians have regular meetings, tour each others' facilities, and discuss collection strengths and customer needs.

One tangible result of this communication network is better service to students and teachers. School librarians dial into the Ramsey County on-line catalog from school, identify materials needed, and place requests while on-line. Ramsey County Library staff pull items off the shelves, check them out to the school, and transfer them to a school truck driver for delivery.

Libraries exist as organizations to share resources, and the idea of cooperation among libraries comes naturally to librarians. In recent years, cost pressures and user mobility have forced libraries to become more inventive in order to provide the information requested by users. Now technology is a

major driving force for cooperation and collaboration since common standards become critical. The state's financial role for libraries has been chiefly in support of the costs of cooperation, including the 1995 initiatives to fund telecommunications capacity for libraries, colleges, and schools.

While the state's role in encouraging cooperation provides necessary stimulus and resources, individual libraries, acting within formal networks or on their own supply much of the initiative and funding for cooperation. State appropriations, for example, support central operations at MINITEX, but the costs of requesting and retrieving interlibrary loan requests outside the University of Minnesota-Twin Cities are borne by the budgets of member libraries. Staff time to participate in standards-setting task forces and to consult with other libraries before making decisions about services and collections is another major cost of cooperation. Libraries also incur increased wear and tear expenses by sharing materials, but they do so in the interest of reciprocal benefits to their own users.

Preliminary Findings

The task force has reviewed the information about current funding sources and decision-making structures and states the following findings to state lawmakers as a preliminary report:

1. ***Estimates of funding received from different sources by Minnesota libraries do not include all costs and are derived from information collected under multiple accounting and reporting structures.***

Because Minnesota libraries are operated by a variety of public and private organizations, information on their funding is not maintained or collected in a uniform manner. Information on library funding statewide and for different types of libraries, therefore, must be considered estimates. The major difficulties in assembling a complete picture are:

- Separate data systems on funding for public libraries, academic libraries and public school library media centers are not identical in terms of the activities or expenditures covered.
- Library budgets frequently do not include all costs of library services. The public libraries are the only libraries including building operations and maintenance costs in their funding reports, but only some libraries pay them out of their library budgets. Indirect costs and costs paid by other departments are usually not included in library funding reports. There is great variety in the types of expenditure benefiting libraries that different organizations elect to pay outside the library budget.

- Construction and other capital costs are not collected systematically and costs of debt repayment are not included with costs of library operations.

2. ***Minnesota public libraries, public school library media centers, public and private academic libraries, libraries associated with state government, and state organizations for library cooperation reported approximately $290 million in funding from all sources for fiscal year 1994 operations.***[34]

The distribution of reported funding for operations by library type that year was:

Public Libraries	$106 million
Public School Library Media Centers	$ 94 million
Academic Libraries	$ 75 million
State Agency/Other Libraries	$ 10 million
Library Cooperation and Statewide Services	$ 4 million[35]

This annual investment in operating libraries represents an average of $62.95 per Minnesota resident, including charges made to users in the form of tuition or other fees. Local, state and federal taxes used for direct operating costs for these libraries were an estimated $50.61 per capita.

3. ***Most library services are the result of local decisions, dependent on the local ability to raise funds and the priority that library services have within the community, school, campus or other parent organization.***

In Minnesota, as in nearly all other states, libraries are not really a state function, despite state participation and encouragement for library services. Historically, libraries have existed to serve the needs of their local community, school, college or state agency. Over 90 percent of public library revenues are raised and allocated to library budgets at the local level. Public school library media center funding decisions are made by school districts or, increasingly, individual school buildings, from general state aid, local tax revenues, and miscellaneous sources. Public academic library funding decisions are

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[34]Operating expenditures attributable to libraries generally include costs of materials preservation and acquisitions, interlibrary loans and other forms of library cooperation, staffing, and furniture and equipment. Reported expenditures, however, often do not include costs paid by other organizations or budgets. Fringe benefits and telecommunications expenditures, for example, may be covered by the budgets of other departments. Facilities expenditures, including building operation, and maintenance, are additional costs of academic, school, and state agency libraries that parent organizations do not usually report separately as library expenditures.

[35]Individual amounts do not add to $290 million due to rounding.

made by campus administrators who manage system allocations from state appropriations and tuition revenues.

4. ***The greatest amount of state tax support for libraries, $87 million in 1994, is channeled through legislative appropriations for operating schools, public post-secondary institutions, and state agencies.***

State appropriations are the major source of funding for public school media centers, academic libraries in public post-secondary institutions, and state agency libraries. Policy decisions about library services and funding allocations, however, are made by parent organizations, not at the legislature.

5. ***Direct state appropriations (specifically line-itemed) for library services accounted for approximately $13 million spent on library services in 1994, less than 5 percent of reported funding for operating expenditures.***

Direct state appropriations represent a very small part of expenditures on libraries. They account for about 7 percent of public library receipts; no direct state appropriations are made to operate public academic libraries or school media centers.

6. ***Direct state appropriations for library services are line-itemed for library coordination and cooperation, rather than individual libraries.***

Virtually all direct state appropriations for library services support organizations that serve libraries or provide statewide library leadership (exceptions are the Legislative Reference Service and the State Law Library). The largest direct appropriations, Regional Basic Support System Grants, Regional Library Telecommunications Grants, and Regional Library Telecommunications Aid, fund public regional library systems and public library cooperation rather than individual libraries. The state appropriation to the Higher Education Services Office for MINITEX provides resource sharing services to academic and state agency libraries. Multicounty multitype library systems are directly funded by state appropriations to provide leadership, services delivery and coordination among libraries.

7. ***In contrast to operating costs, capital costs of public academic libraries are financed through legislative decisions about specific proposed projects.***

Decisions about construction and remodeling of academic libraries in public institutions are the major exception to local decision-making for libraries. Capital bonding decisions for specific library buildings are made at the state level.

8. ***Legislative decisions on state policy and appropriations for libraries are split among several committees in both the House and Senate.***

Neither the Minnesota House nor Senate committee structures include a body which focuses on library policies. Higher education committees have jurisdiction over public post-secondary institutions, MINITEX and the Higher Education Services Office. K-12 funding committees have jurisdiction over public libraries, multicounty multitype library systems, schools and the Office of Library Development and Services. From 1976 until the late 1980s, a joint House-Senate Subcommittee on Libraries reviewed legislation regarding public libraries, but that forum no longer exists. Library and information system policy issues increasingly overlap with communications technology issues

9. ***State-designated organizations for improving library services are organized by region, by type of library, or by specific library functions.***

The Office of Library Development and Services provides statewide leadership for public libraries and multitype systems. Multitype library systems help coordinate regional resources of public, school, academic and other member libraries. MINITEX has taken on some of the statewide library issues among academic, public, and state agency libraries, but its primary purpose is to manage resource sharing and other services supported through state appropriations. In addition to state-sponsored agencies for libraries, the library community has created library networks, consortia, and professional associations to meet particular areas of interest or need.

10. ***School library media centers are not represented as a sector by any level of state government and have no forum for participating in the resolution of statewide issues.***

With the elimination of a dedicated unit in the Minnesota Department of Education (now Department of Children, Families and Learning), the state level presence of school library media centers disappeared. At the regional level, school library media centers do participate in multicounty multitype

library cooperation systems where they gain access to interlibrary loans and other forms of library cooperation agreed to within the region. School library media centers may purchase library products through cooperative purchasing through the MINITEX office, and they may receive MINITEX interlibrary loan services through their membership in a multitype library system, depending on regional arrangements. But without specific funding to support basic MINITEX services to schools, school libraries do not participate as institutional members of MINITEX.

Policy Issues and Next Steps

The task force expects to conclude its review of funding sources and make recommendations on "funding structures that are designed to promote cooperation and collaboration among all libraries" in June 1996.

Prior to making specific recommendations, the task force will evaluate the extent to which current funding and governance patterns position the state to take advantage of emerging technologies and library roles in a world increasingly dependent on information and knowledge. To inform its discussions and legislative decisions, the task force will develop future scenarios for the delivery of library and information services.

Policy Issues Concerning Library Funding Structures

- **What strategies will allow Minnesota to afford technology and other costs of libraries that are prepared to serve citizens' information needs?**
- **In what ways do existing funding and governance structures promote cooperation among libraries? In what ways do they inhibit cooperation that would be beneficial to the citizens of Minnesota?**
- **What are the state's responsibilities for library services? Will the current division among state taxes, local taxes, and user charges (including tuition) be appropriate as libraries adjust to changing expectations and technological developments?**
- **In the new environment for libraries, which decisions and services will be most efficient when done at the local level? Which decisions and services will be most efficient when done at the regional level? Which decisions and services will be most efficient when done at the state level?**

Appendix
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